

CITY OF TOLLESON, ARIZONA



FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF TOLLESON, ARIZONA

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FINANCIAL SECTION

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Independent Auditors' Report

The Honorable Mayor and
City Council
Tolleson, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tolleson, Arizona, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tolleson, Arizona, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and public safety retirement system information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tolleson, Arizona's basic financial statements. The supplementary information as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2014, on our consideration of the City of Tolleson, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Tolleson, Arizona's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC
Flagstaff, Arizona
October 10, 2014

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**CITY OF TOLLESON, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014**

As management of the City of Tolleson, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Tolleson, Arizona exceeded its liabilities at the close of the most recent fiscal year by \$98,310,219 (net position).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,556,991 or 49% of total General Fund expenditures.
- The General Fund revenues (on a budgetary basis) were more than budgeted revenues by \$224,014 for the fiscal year ending June 30, 2014.
- General Fund revenues exceeded expenditures by \$2,306,138; a positive variance of \$1,232,032 from the original budget.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net position and the Statement of Activities. These statements provide information about the activities of the City as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. (3) Notes to the financial statements.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. Net position, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's property tax base or condition of the City's roads to accurately assess the overall health of the City.

The Statement of Net position and the Statement of Activities, present information about the following:

- Government activities – All of the City’s basic services are considered to be governmental activities, including general government, public safety, public works/streets, economic development, culture and recreation, and interest on long-term debt. Sales tax, federal grants, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The City charges a fee to customers that is intended to cover all or most of the cost of the services provided for water, wastewater, and sanitation.

Reporting the City’s Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City’s two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the City’s basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in footnote 2.
- Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. The City's combined assets exceed liabilities by \$98,310,219 million as of June 30, 2014 as shown in the following condensed statement of net position. The City has chosen to account for its water, sewer and sanitation operations in an enterprise fund which is shown as Business Activities.

City of Tolleson Statement of Net Position

	Governmental activities		Business-type activities		Total	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Current and other assets	\$ 20,665,866	\$ 24,690,324	\$ 24,435,613	\$ 22,061,706	\$ 45,101,479	\$ 46,752,030
Capital assets	46,000,329	41,106,353	62,277,548	61,452,691	108,277,877	102,559,044
Total assets	<u>66,666,195</u>	<u>65,796,677</u>	<u>86,713,161</u>	<u>83,514,397</u>	<u>153,379,356</u>	<u>149,311,074</u>
Long-term liabilities outstanding	20,925,141	21,780,208	25,862,500	28,397,088	46,787,641	50,177,296
Other liabilities	3,469,872	3,365,422	4,811,624	3,092,613	8,281,496	6,458,035
Total liabilities	<u>24,395,013</u>	<u>25,145,630</u>	<u>30,674,124</u>	<u>31,489,701</u>	<u>55,069,137</u>	<u>56,635,331</u>
Net position:						
Invested in capital assets, net of related debt	27,534,901	26,194,336	34,835,900	32,356,074	62,370,801	58,550,410
Restricted	5,110,928	3,426,973	494,335	493,772	5,605,263	3,920,745
Unrestricted	9,625,353	11,029,738	20,708,802	19,174,850	30,334,155	30,204,588
Total net position	<u>\$ 42,271,182</u>	<u>\$ 40,651,047</u>	<u>\$ 56,039,037</u>	<u>\$ 52,024,696</u>	<u>\$ 98,310,219</u>	<u>\$ 92,675,743</u>

Governmental Activities

The City has \$153,379,356 in total assets, with \$62,370,801 invested in capital assets, net of related debt. Funds included in the Business-type activities column are the City's enterprise funds operation, which are Wastewater, Water, and Sanitation. These operations are capital intensive, using a large portion of their resources to maintain and replace major equipment and facilities.

The City's programs include: General Government, Public Safety, Highways and Streets, Economic Development, Culture and Recreation, and Health and Welfare. Each programs' net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the City's general taxes support each of the City's programs.

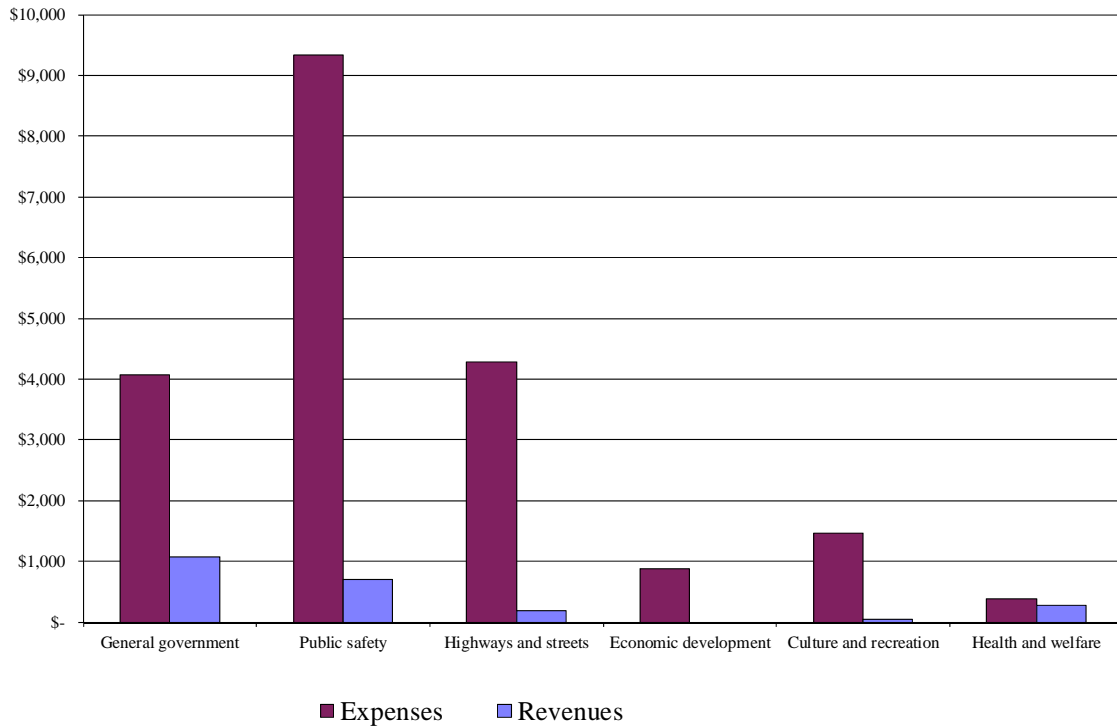
City of Tolleson
Changes in Net Position

	Governmental activities		Business-type activities		Total	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Revenues:						
Program revenues:						
Charges for services	\$ 1,126,015	\$ 798,529	\$ 13,704,955	\$ 12,376,464	\$ 14,830,970	\$ 13,174,993
Operating grants and contributions	771,285	830,814	-	-	771,285	830,814
Capital grants and contributions	370,799	171,515	-	-	370,799	171,515
General revenues:						
Taxes	19,119,844	18,973,740	2,553,157	2,420,551	21,673,001	21,394,291
State revenue sharing	1,299,218	1,204,278	-	-	1,299,218	1,204,278
Other revenue/(expense)	87,434	72,680	46,348	115,941	133,782	188,621
Total revenues	<u>22,774,595</u>	<u>22,051,556</u>	<u>16,304,460</u>	<u>14,912,956</u>	<u>39,079,055</u>	<u>36,964,512</u>
Expenses:						
General government	4,069,698	4,160,877	-	-	4,069,698	4,160,877
Public safety	9,342,079	9,921,501	-	-	9,342,079	9,921,501
Public works/Streets	4,278,584	2,497,012	-	-	4,278,584	2,497,012
Health and welfare	378,772	343,153	-	-	378,772	343,153
Culture and recreation	885,714	562,374	-	-	885,714	562,374
Economic development	1,464,624	1,175,131	-	-	1,464,624	1,175,131
Redevelopment and housing	-	-	-	-	-	-
Interest on long-term debt	812,432	864,780	-	-	812,432	864,780
Water	-	-	5,446,163	5,021,689	5,446,163	5,021,689
Wastewater treatment/sewer	-	-	6,238,217	6,579,691	6,238,217	6,579,691
Sanitation and trash	-	-	630,134	614,402	630,134	614,402
Total expenses	<u>21,231,903</u>	<u>19,524,828</u>	<u>12,314,514</u>	<u>12,215,782</u>	<u>33,546,417</u>	<u>31,740,610</u>
Increase (decrease) in net position before transfers	1,542,692	2,526,728	3,989,946	2,697,174	5,532,638	5,223,902
Transfers	110,500	-	(110,500)	-	-	-
Increase (decrease) in net position	1,653,192	2,526,728	3,879,446	2,697,174	5,532,638	5,223,902
Net position, beginning	40,651,047	38,836,460	52,024,696	49,589,904	92,675,743	88,426,364
Prior period adjustments	(33,057)	(235,122)	134,895	-	101,838	(235,122)
Restatements / reclassifications	-	(477,019)	-	(262,382)	-	(739,401)
Net position, ending	<u>\$ 42,271,182</u>	<u>\$ 40,651,047</u>	<u>\$ 56,039,037</u>	<u>\$ 52,024,696</u>	<u>\$ 98,310,219</u>	<u>\$ 92,675,743</u>

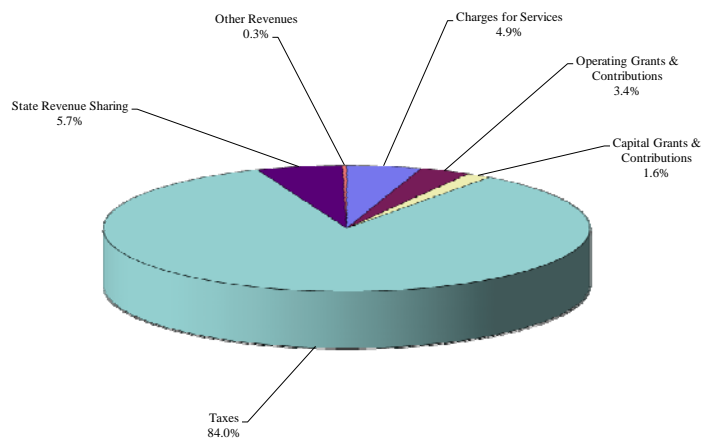
Total resources available during the year to finance governmental operations were \$63.3 million consisting of net position at July 1, 2013 of \$40.6 million, program revenues of \$2.2 million and General Revenues of \$20.5 million. Total Governmental Activities during the year were \$21.2 million; thus Governmental Net position was increased by \$1.5 million to 42.2 million before transfers and prior period adjustments see notes 13 to the financial statements.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all government activities.

Expenses and Program Revenues - Governmental Activities
(in Thousands)



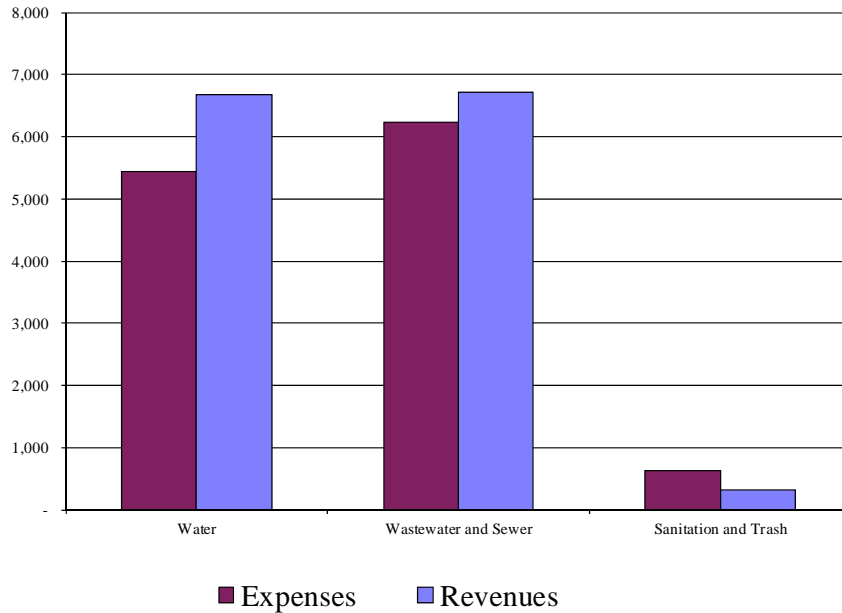
Revenue By Source - Governmental Activities



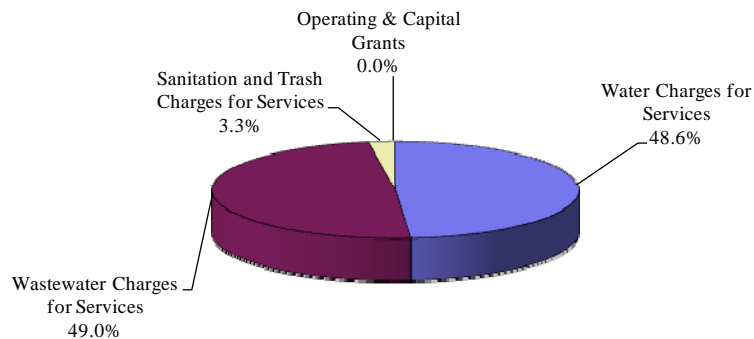
Business Type Activities

Net position of the Business Type activities at June 30, 2014, as reflected in the Statement of Net Position was \$56.0 million. The cost of providing all Proprietary (Business Type) activities this year was \$12.4 million. As shown in the statement of Changes in Net position, the amounts paid by users of the system were \$13.7 million. Property tax revenues were \$2,553,157 and interest earnings and other revenues totaled \$46,348. The net position increased by \$3,989,946 before transfers and prior-period adjustments, see note 13 in the financial statements.

Expenses and Program Revenues - Business-Type Activities
(in Thousands)



Revenue By Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of Tolleson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the City of Tolleson's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the City of Tolleson's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Tolleson's governmental funds reported combined ending fund balances of \$17,122,362 a decrease of \$4,121,728 in comparison with the prior year. Approximately, 44% of this total amount, \$7,556,991 constitutes unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is non-spendable, restricted, committed, or assigned in accordance with GASB 54.

The general fund is the chief operating fund of the City of Tolleson. At the end of the current fiscal year, unassigned fund balance in the general fund was \$7,556,991, while total fund balance is \$7,898,331. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 49% of total general fund expenditures, while total fund balance represents 51% of the same amount.

During the year, the City of Tolleson's general fund balance decreased by \$1,151,965. The key factor in this decrease was a \$2,000,000 general fund contribution to the Paseo Luces Downtown Redevelopment project.

The Capital Projects Fund balance decreased by (\$2,987,537) during the fiscal year because of the significant work being done on the Paseo Luces Downtown Redevelopment project.

General Fund Budgetary Highlights

Actual general fund revenues exceeded budgeted amounts by \$224,014 primarily due to charges for services and licenses and permits revenues received in excess of projections. The City's total expenditures in the general fund were less than the budgeted amounts by \$1,383,018.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2014, net capital assets of the government activities totaled \$46 million and the net capital assets of the business-type activities totaled \$62.2 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 7 to the financial statements.)

Debt

At year-end, the City had \$20.9 million in governmental type debt, and \$25.9 million in business-type debt. During the current fiscal year, the City's total debt decreased by \$3.8 million. (See note 8 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

Many factors were considered by the City's Officials during the process of developing the Fiscal Year 2014-2015 budget. The primary factors include:

The overall economy continues to improve in Tolleson.

Primary Property tax is projected to increase by 3%.

Sales tax revenues and tax on construction is expected to increase by 4%.

The City was able to negotiate a zero increase in medical benefits costs.

An average 4% increase in wages and related costs were included.

Included a \$2,000,000 contribution to the Paseo de Luces Downtown Redevelopment project from the General Fund. Construction is scheduled to be completed in time for Luces de Navidad 2014 , scheduled for December 13-14, 2014.

Overall, the financial condition of the City is improving and the actions of the City Council will help to ensure this continues.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Chief Financial Officer, City of Tolleson, 9555 West Van Buren, Tolleson, Arizona, 85252 or visit our website at www.tollesonaz.org.

BASIC FINANCIAL STATEMENTS

CITY OF TOLLESON, ARIZONA
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 14,257,088	\$ 17,980,408	\$ 32,237,496
Cash with paying agent	1,364,514	2,873,495	4,238,009
Receivables (net of allowance)	1,321,238	3,002,227	4,323,465
Prepaid items/Inventory	5,000	-	5,000
Temporarily restricted assets:			
Cash and cash equivalents	3,718,026	579,483	4,297,509
Capital assets (net of accumulated depreciation):			
Land	2,336,979	3,933,202	6,270,181
Buildings	15,429,216	31,171,255	46,600,471
Improvements	-	11,258,824	11,258,824
Machinery and equipment	4,340,396	13,924,128	18,264,524
Vehicles	-	420,605	420,605
Infrastructure/Roads	18,116,157	-	18,116,157
Construction in progress	5,777,581	1,569,534	7,347,115
Total assets	<u>66,666,195</u>	<u>86,713,161</u>	<u>153,379,356</u>
Liabilities			
Accounts payable and other current liabilities	1,917,702	1,799,811	3,717,513
Interest payable	419,514	508,040	927,554
Unearned revenue	187,656	3,773	191,429
Matured debt principal payable	945,000	2,500,000	3,445,000
Noncurrent liabilities:			
Due within one year	1,212,855	3,236,052	4,448,907
Due in more than one year	19,712,286	22,626,448	42,338,734
Total liabilities	<u>24,395,013</u>	<u>30,674,124</u>	<u>55,069,137</u>
Net Position			
Net investment in capital assets	27,534,901	34,835,900	62,370,801
Restricted for:			
General government	306,020		306,020
Public safety	30,320		30,320
Highways and streets	871,385	-	871,385
Debt service	1,133,469	494,335	1,627,804
Capital projects and other	2,769,734	-	2,769,734
Unrestricted	9,625,353	20,708,802	30,334,155
Total net position	<u>\$ 42,271,182</u>	<u>\$ 56,039,037</u>	<u>\$ 98,310,219</u>

The accompanying notes are an integral part of the financial statements.

CITY OF TOLLESON, ARIZONA
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 4,069,698	\$ 795,223	\$ 217,085	\$ 58,741	\$ (2,998,649)	\$ -	\$ (2,998,649)
Public safety	9,342,079	302,522	261,946	131,053	(8,646,558)	-	(8,646,558)
Highways and streets	4,278,584	-	-	181,005	(4,097,579)	-	(4,097,579)
Economic development	885,714	-	-	-	(885,714)	-	(885,714)
Culture and recreation	1,464,624	17,292	24,966	-	(1,422,366)	-	(1,422,366)
Health and welfare	378,772	10,978	267,288	-	(100,506)	-	(100,506)
Interest on long-term debt	812,432	-	-	-	(812,432)	-	(812,432)
Total governmental activities	<u>21,231,903</u>	<u>1,126,015</u>	<u>771,285</u>	<u>370,799</u>	<u>(18,963,804)</u>	<u>-</u>	<u>(18,963,804)</u>
Business-type activities:							
Water	5,446,163	6,666,770	-	-	-	1,220,607	1,220,607
Wastewater and Sewer	6,238,217	6,713,988	-	-	-	475,771	475,771
Sanitation and Trash	630,134	324,197	-	-	-	(305,937)	(305,937)
Total business-type activities	<u>12,314,514</u>	<u>13,704,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,390,441</u>	<u>1,390,441</u>
Total primary government	<u>\$ 33,546,417</u>	<u>\$ 14,830,970</u>	<u>\$ 771,285</u>	<u>\$ 370,799</u>			
General Revenues:							
Taxes:							
Sales tax					14,360,574	-	14,360,574
Property tax					4,112,624	2,553,157	6,665,781
Auto lieu tax					233,354	-	233,354
Franchise tax					44,393	-	44,393
Motor vehicle tax					368,899	-	368,899
State revenue sharing					729,523	-	729,523
State income taxes - revenue sharing (unrestricted)					569,695	-	569,695
Other revenues					22,353	27,424	49,777
Unrestricted investment earnings					56,799	18,924	75,723
Gain (loss) on sale of capital assets					8,282	-	8,282
Transfers					110,500	(110,500)	-
Total general revenues & transfers					<u>20,616,996</u>	<u>2,489,005</u>	<u>23,106,001</u>
Change in net position					1,653,192	3,879,446	5,532,638
Net position - beginning					40,651,047	52,024,696	92,675,743
Prior period adjustments					(33,057)	134,895	101,838
Net position - ending					<u>\$ 42,271,182</u>	<u>\$ 56,039,037</u>	<u>\$ 98,310,219</u>

The accompanying notes are an integral part of the financial statements.

CITY OF TOLLESON, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2014

	General	Capital Projects	Total Non-major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,355,369	\$ 1,061,636	\$ 5,840,083	\$ 14,257,088
Cash with paying agent	-	-	1,364,514	1,364,514
Receivables:				
Accounts receivable	22,372	-	2,547	24,919
Taxes receivable	38,151	-	37,568	75,719
Intergovernmental receivable	1,025,108	-	195,492	1,220,600
Prepaid items	5,000	-	-	5,000
Restricted assets	-	3,718,026	-	3,718,026
Total assets	<u>\$ 8,446,000</u>	<u>\$ 4,779,662</u>	<u>\$ 7,440,204</u>	<u>\$ 20,665,866</u>
LIABILITIES				
Accounts payable	\$ 135,130	\$ 1,061,636	\$ 300,281	\$ 1,497,047
Accrued wages and benefits	386,549	-	32,550	419,099
Interest payable	-	-	419,514	419,514
Intergovernmental payable	1,556	-	-	1,556
Unearned revenue	-	-	187,656	187,656
Matured debt principal payable	-	-	945,000	945,000
Total liabilities	<u>523,235</u>	<u>1,061,636</u>	<u>1,885,001</u>	<u>3,469,872</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - power reimbursement	-	-	22,353	22,353
Unavailable revenue - property taxes	24,434	-	26,845	51,279
Total deferred inflows of resources	<u>24,434</u>	<u>-</u>	<u>49,198</u>	<u>73,632</u>
FUND BALANCES				
Nonspendable				
Prepaid items	5,000	-	-	5,000
Restricted				
General government	306,020	-	-	306,020
Public safety	30,320	-	-	30,320
Highways and streets	-	-	871,385	871,385
Debt service	-	-	1,133,469	1,133,469
Capital projects	-	3,718,026	-	3,718,026
Assigned				
Public safety	-	-	3,118,808	3,118,808
Other purposes	-	-	382,343	382,343
Unassigned	7,556,991	-	-	7,556,991
Total fund balances	<u>7,898,331</u>	<u>3,718,026</u>	<u>5,506,005</u>	<u>17,122,362</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,446,000</u>	<u>\$ 4,779,662</u>	<u>\$ 7,440,204</u>	<u>\$ 20,665,866</u>

The accompanying notes are an integral part of the financial statements.

CITY OF TOLLESON, ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014

Total governmental fund balances	\$	17,122,362
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds</p>		
Governmental capital assets	\$	78,691,917
Less accumulated depreciation		<u>(32,691,588)</u>
		46,000,329
<p>Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Bonds payable	\$	(19,413,720)
Compensated absences		<u>(1,511,421)</u>
		(20,925,141)
<p>Some revenues are unavailable in the governmental fund financial statements but recognized when earned in the statement of activities</p>		
		<u>73,632</u>
Total net position of governmental activities	\$	<u><u>42,271,182</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF TOLLESON, ARIZONA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General	Capital Projects	Total Non-major Funds	Total Governmental Funds
Revenues:				
Taxes:				
Sales taxes	\$ 11,707,703	\$ -	\$ 2,652,871	\$ 14,360,574
Property taxes	3,283,127	-	825,973	4,109,100
Franchise taxes	44,393	-	-	44,393
Intergovernmental revenue	1,299,218	-	1,172,372	2,471,590
Fines and forfeitures	256,498	-	-	256,498
Licenses and permits	396,364	-	-	396,364
Charges for services	478,917	-	42,788	521,705
Rents and royalties	11,340	-	-	11,340
Impact fees	-	370,799	-	370,799
Other revenues:				
Contributions and donations	105,353	-	-	105,353
Interest	44,375	7,125	5,300	56,800
Other	35,920	-	-	35,920
Total revenues	<u>17,663,208</u>	<u>377,924</u>	<u>4,699,304</u>	<u>22,740,436</u>
Expenditures:				
Current:				
General government	4,412,965	-	2,450	4,415,415
Public safety	7,954,549	-	1,175,003	9,129,552
Highways and streets	-	5,092,894	1,773,407	6,866,301
Culture and recreation	1,305,402	-	-	1,305,402
Economic development	881,237	-	-	881,237
Health and welfare	-	-	366,784	366,784
Debt service:				
Principal	-	-	945,000	945,000
Interest and fiscal charges	-	-	839,087	839,087
Capital outlay	802,917	398,900	1,030,351	2,232,168
Total expenditures	<u>15,357,070</u>	<u>5,491,794</u>	<u>6,132,082</u>	<u>26,980,946</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,306,138</u>	<u>(5,113,870)</u>	<u>(1,432,778)</u>	<u>(4,240,510)</u>
Other financing sources (uses):				
Transfers out	(3,466,385)	(174,167)	-	(3,640,552)
Transfers in	-	2,300,500	1,450,552	3,751,052
Sale of assets	8,282	-	-	8,282
Total other financing sources (uses)	<u>(3,458,103)</u>	<u>2,126,333</u>	<u>1,450,552</u>	<u>118,782</u>
Net change in fund balance	(1,151,965)	(2,987,537)	17,774	(4,121,728)
Fund balance, beginning of year	9,050,296	6,705,563	5,521,288	21,277,147
Prior period adjustment	-	-	(33,057)	(33,057)
Fund balance, end of year	<u>\$ 7,898,331</u>	<u>\$ 3,718,026</u>	<u>\$ 5,506,005</u>	<u>\$ 17,122,362</u>

The accompanying notes are an integral part of the financial statements.

CITY OF TOLLESON, ARIZONA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance of Governmental Funds
to The Statement of Activities
For the Year Ended June 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	(4,121,728)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
Capital outlay	\$	7,608,048
Depreciation expense		<u>(2,714,072)</u>
		4,893,976
<p>Governmental funds report the effect of premiums, discounts and other similar items when debt is first issued, whereas these items are deferred and amortized over the term of the long-term debt in the statement of activities.</p>		
		26,655
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in deferred inflows in the statement of activities.</p>		
		25,877
<p>Repayment of long-term debt (e.g., bonds, leases) principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		945,000
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		(116,588)
Change in net position of governmental activities	\$	<u><u>1,653,192</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF TOLLESON, ARIZONA
GENERAL FUND
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Sales taxes	\$ 11,840,000	\$ 11,840,000	\$ 11,707,703	\$ (132,297)
Property taxes	3,255,534	3,255,534	3,283,127	27,593
Franchise taxes	45,000	45,000	44,393	(607)
Intergovernmental revenue	1,295,730	1,295,730	1,299,218	3,488
Fines and forfeitures	225,800	225,800	256,498	30,698
Licenses and permits	267,000	267,000	396,364	129,364
Charges for services	330,340	330,340	478,917	148,577
Rents and royalties	11,340	11,340	11,340	-
Other revenues:				
Contributions and donations	59,000	59,000	105,353	46,353
Interest	9,200	9,200	44,375	35,175
Other	100,250	100,250	35,920	(64,330)
Total revenues	<u>17,439,194</u>	<u>17,439,194</u>	<u>17,663,208</u>	<u>224,014</u>
Expenditures:				
Current:				
General government:				
Mayor and council	298,580	298,580	271,312	27,268
City management	658,253	778,253	755,228	23,025
City clerk	377,376	367,376	308,590	58,786
Human resources	431,507	431,507	344,825	86,682
City magistrate	573,028	573,028	531,509	41,519
Finance	575,449	575,449	527,887	47,562
Fields operations	260,522	260,522	216,161	44,361
Public works - grounds maintenance	460,570	460,570	446,553	14,017
Public works - buildings maintenance	460,563	443,878	373,245	70,633
Information technology	294,934	294,934	268,386	26,548
Non-profit donations	25,000	25,000	24,900	100
TQM steering committee	75,500	75,500	41,759	33,741
Community service	341,038	341,038	264,414	76,624
Judicial collection	130,656	130,656	38,196	92,460
Total general government	<u>4,962,976</u>	<u>5,056,291</u>	<u>4,412,965</u>	<u>643,326</u>
Public safety:				
Police administration	259,316	259,316	232,854	26,462
Police dispatching	896,233	896,233	745,060	151,173
Police investigations	556,975	556,975	485,730	71,245
Police field operations	2,567,236	2,567,236	2,560,822	6,414
Fire administration	234,456	234,456	171,833	62,623
Fire operations	3,407,860	3,407,860	3,405,301	2,559
Public works - building inspection	337,808	337,808	298,702	39,106
Impound	60,075	60,075	54,247	5,828
Total public safety	<u>8,319,959</u>	<u>8,319,959</u>	<u>7,954,549</u>	<u>365,410</u>

(continued)

The accompanying notes are an integral part of the financial statements.

CITY OF TOLLESON, ARIZONA
GENERAL FUND
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2014 (Continued)

Culture and recreation:				
Library	411,048	411,048	390,804	20,244
Parks and recreation	334,772	439,772	439,683	89
Boys and girls club	147,475	147,475	142,481	4,994
Teen council	162,604	162,604	138,766	23,838
City promotion	188,281	198,281	193,668	4,613
Total culture and recreation	<u>1,244,180</u>	<u>1,359,180</u>	<u>1,305,402</u>	<u>53,778</u>
Economic development:				
Community revitalization	414,449	564,449	523,791	40,658
Planning and engineering	376,024	376,024	357,446	18,578
Total economic development	<u>790,473</u>	<u>940,473</u>	<u>881,237</u>	<u>59,236</u>
Capital outlay				
Total expenditures	<u>16,365,088</u>	<u>16,740,088</u>	<u>15,357,070</u>	<u>1,383,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,074,106</u>	<u>699,106</u>	<u>2,306,138</u>	<u>1,607,032</u>
Other financing sources (uses):				
Transfers out	(4,139,031)	(4,139,031)	(3,466,385)	672,646
Transfers in	660,000	660,000	-	(660,000)
Sale of assets	15,000	15,000	8,282	(6,718)
Total other financing sources (uses)	<u>(3,464,031)</u>	<u>(3,464,031)</u>	<u>(3,458,103)</u>	<u>5,928</u>
Net change in fund balance	(2,389,925)	(2,764,925)	(1,151,965)	1,612,960
Fund balance, beginning of year	<u>9,050,296</u>	<u>9,050,296</u>	<u>9,050,296</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,660,371</u>	<u>\$ 6,285,371</u>	<u>\$ 7,898,331</u>	<u>\$ 1,612,960</u>

The accompanying notes are an integral part of the financial statements.

CITY OF TOLLESON, ARIZONA
Statement of Net Position
Proprietary Funds
June 30, 2014

	Water	Wastewater and Sewer	(Nonmajor) Sanitation and Trash	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,673,877	\$ 14,250,686	\$ 55,845	\$ 17,980,408
Cash with paying agent	2,596,670	276,825	-	2,873,495
Receivables:				
Accounts receivable	999,391	1,878,112	45,906	2,923,409
Taxes receivable	73,179	5,639	-	78,818
Due from other funds	50,000	-	-	50,000
Restricted assets	85,148	494,335	-	579,483
Total current assets	<u>7,478,265</u>	<u>16,905,597</u>	<u>101,751</u>	<u>24,485,613</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable	1,126,798	4,375,938	-	5,502,736
Depreciable, net	<u>10,376,808</u>	<u>46,302,867</u>	<u>95,137</u>	<u>56,774,812</u>
Total noncurrent assets	<u>11,503,606</u>	<u>50,678,805</u>	<u>95,137</u>	<u>62,277,548</u>
Total assets	<u>18,981,871</u>	<u>67,584,402</u>	<u>196,888</u>	<u>86,763,161</u>
LIABILITIES				
Current liabilities:				
Accounts payable	669,571	848,159	11,227	1,528,957
Accrued wages and benefits	33,914	68,016	21,110	123,040
Interest payable	96,670	411,370	-	508,040
Intergovernmental payable	62,182	484	-	62,666
Customer deposits payable	85,148	-	-	85,148
Due to other funds	-	-	50,000	50,000
Deferred revenue	-	3,773	-	3,773
Matured bonds payable	2,500,000	-	-	2,500,000
Loans payable - current portion	-	394,452	-	394,452
Compensated absences - current portion	43,826	82,144	5,630	131,600
Total current liabilities	<u>3,491,311</u>	<u>1,808,398</u>	<u>87,967</u>	<u>5,387,676</u>
Noncurrent liabilities:				
Compensated absences, net of current portion	131,479	246,431	16,890	394,800
Bonds payable, net of deferred amounts	2,265,914	14,925,808	-	17,191,722
Loans payable	-	7,749,926	-	7,749,926
Total noncurrent liabilities	<u>2,397,393</u>	<u>22,922,165</u>	<u>16,890</u>	<u>25,336,448</u>
Total liabilities	<u>5,888,704</u>	<u>24,730,563</u>	<u>104,857</u>	<u>30,724,124</u>
NET POSITION				
Net investment in capital assets	6,737,692	28,003,071	95,137	34,835,900
Restricted for debt service	-	494,335	-	494,335
Unrestricted	6,355,475	14,356,433	(3,106)	20,708,802
Total net position	<u>\$ 13,093,167</u>	<u>\$ 42,853,839</u>	<u>\$ 92,031</u>	<u>\$ 56,039,037</u>

The accompanying notes are an integral part of the financial statements.

CITY OF TOLLESON, ARIZONA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Water	Wastewater and Sewer	(Nonmajor) Sanitation and Trash	Totals
Operating revenues:				
Charges for services	\$ 6,666,770	\$ 6,713,988	\$ 324,197	\$ 13,704,955
Total operating revenues	<u>6,666,770</u>	<u>6,713,988</u>	<u>324,197</u>	<u>13,704,955</u>
Operating expenses:				
Cost of sales and service	4,867,233	3,858,777	611,778	9,337,788
Depreciation	427,318	1,578,710	18,356	2,024,384
Total operating expenses	<u>5,294,551</u>	<u>5,437,487</u>	<u>630,134</u>	<u>11,362,172</u>
Operating income (loss)	<u>1,372,219</u>	<u>1,276,501</u>	<u>(305,937)</u>	<u>2,342,783</u>
Non-operating revenues (expenses):				
Property taxes	1,536,923	1,016,234	-	2,553,157
Investment earnings	4,222	14,694	8	18,924
Interest expense	(151,612)	(800,730)	-	(952,342)
Miscellaneous revenues	90	27,156	178	27,424
Total non-operating revenues (expenses)	<u>1,389,623</u>	<u>257,354</u>	<u>186</u>	<u>1,647,163</u>
Income (loss) before contributions and transfers	2,761,842	1,533,855	(305,751)	3,989,946
Transfers out	-	(285,500)	-	(285,500)
Transfers in	-	-	175,000	175,000
Change in net position	2,761,842	1,248,355	(130,751)	3,879,446
Net position, beginning of year	10,331,325	41,470,589	222,782	52,024,696
Prior period adjustments	-	134,895	-	134,895
Net position, end of year	<u>\$ 13,093,167</u>	<u>\$ 42,853,839</u>	<u>\$ 92,031</u>	<u>\$ 56,039,037</u>

The accompanying notes are an integral part of the financial statements.

CITY OF TOLLESON, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Water	Wastewater and Sewer	(Nonmajor) Sanitation and Trash	Totals
Cash flows from operating activities:				
Cash received from customers, service fees	\$ 6,640,911	\$ 6,105,871	\$ 336,660	\$ 13,083,442
Cash paid to employees	(1,008,551)	(2,117,621)	(405,719)	(3,531,891)
Cash paid to suppliers	(3,974,359)	(1,169,322)	(150,485)	(5,294,166)
Cash received from miscellaneous sources	90	27,156	178	27,424
Net cash flows from operating activities	<u>1,658,091</u>	<u>2,846,084</u>	<u>(219,366)</u>	<u>4,284,809</u>
Cash flows from noncapital and related financing activities:				
Cash received from property taxes	1,536,923	1,016,234	-	2,553,157
Cash received from other funds	-	-	175,000	175,000
Cash transferred to other funds	-	(285,500)	-	(285,500)
Net cash flows from noncapital and related financing activities	<u>1,536,923</u>	<u>730,734</u>	<u>175,000</u>	<u>2,442,657</u>
Cash flows from capital and related financing activities:				
Principal paid on long term debt	(2,500,000)	(381,837)	-	(2,881,837)
Interest paid on long term debt	(174,390)	(847,940)	-	(1,022,330)
Purchases of capital assets	(833,681)	(1,914,514)	-	(2,748,195)
Net cash flows from capital and related financing activities	<u>(3,508,071)</u>	<u>(3,144,291)</u>	<u>-</u>	<u>(6,652,362)</u>
Cash flows from investing activities:				
Investment earnings	4,222	14,694	8	18,924
Net cash flows from investing activities	<u>4,222</u>	<u>14,694</u>	<u>8</u>	<u>18,924</u>
Net change in cash and cash equivalents	(308,835)	447,221	(44,358)	94,028
Cash and cash equivalents, including restricted cash, beginning of year	4,067,860	14,297,800	100,203	18,465,863
Cash and cash equivalents, including restricted cash, end of year	<u>\$ 3,759,025</u>	<u>\$ 14,745,021</u>	<u>\$ 55,845</u>	<u>\$ 18,559,891</u>
Reconciliation of operating income to net cash flows from operating activities:				
Operating income (loss)	\$ 1,372,219	\$ 1,276,501	\$ (305,937)	\$ 2,342,783
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation/amortization	427,318	1,578,710	18,356	2,024,384
(Gain) loss on sale of assets	-	-	-	-
Cash received from miscellaneous sources	90	27,156	178	27,424
Changes in operating assets and liabilities:				
(Increase) decrease in receivables	(35,685)	(719,939)	12,463	(743,161)
(Increase) decrease in intergovernmental receivables	(51,668)	110,500	-	58,832
(Increase) decrease in prepaid expenses	9,914	24,938	3,839	38,691
Increase (decrease) in accounts payable	(110,117)	559,735	(7,924)	441,694
Increase (decrease) in accrued wages and benefits	510	(7,224)	2,966	(3,748)
Increase (decrease) in deferred revenue	-	1,322	-	1,322
Increase (decrease) in intergovernmental payables	7,210	459	50,000	57,669
Increase (decrease) in compensated absences payable	28,474	(6,074)	6,693	29,093
Increase (decrease) in customer deposits payable	9,826	-	-	9,826
Net cash flows from operating activities	<u>\$ 1,658,091</u>	<u>\$ 2,846,084</u>	<u>\$ (219,366)</u>	<u>\$ 4,284,809</u>
Supplemental schedule of non-cash financing and investing activities				
Net change in bond premiums and deferred amounts on refunding	\$ 22,778	\$ 40,902	\$ -	\$ 63,680
Transfer of vehicle from wastewater fund to water fund	46,603	(46,603)	-	-

The accompanying notes are an integral part of the financial statements.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting entity

The City of Tolleson, Arizona (government) is a municipal corporation governed by an elected mayor and five-member council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. There are no discretely presented component units and one blended component unit.

Blended component unit. The City of Tolleson Municipal Facilities Corporation (MFC) is a nonprofit corporation that is organized under the laws of the State of Arizona to assist the City in the acquisition and financing of municipal projects and facilities. The corporation is governed by a board of directors which is responsible for approving the corporation's bond sales. Bond sales must also be approved by the City Council. Although it is legally separate from the City, the corporation is reported as if it is part of the primary government because its sole purpose is to finance the acquisition and or construction of public facilities for the City. Separate financial statements for the corporation are not prepared.

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds (if any), even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds (if any) and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The **general fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The **capital projects fund** is used to account for major capital projects of the government and includes proceeds and expenditures of impact fees.

The government reports the following major enterprise funds:

The **water fund** accounts for the activities related to the government's water operations.

The **wastewater treatment and sewer fund** accounts for the activities related to the government's wastewater and sewer operations.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, state shared revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the accrual basis of accounting.

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

Investments

The government's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, obligations of the U. S. Government and other investments as allowed by Arizona State Statutes. Investments for the government are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a-7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

Inventories and prepaid items

Inventories are recorded as expenditures at the time of purchase. Because the amounts on hand at year end were not significant, they are not included in the government-wide or fund financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Water plant	50 years
Sewer plant	50 years
Furniture, equipment and vehicles	5 to 20 years
Infrastructure	50 years

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid. Maricopa County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments on October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquency date. The County also levies various personal property taxes during the year. A lien against property assessed attaches on the first day of January preceding the assessment and levy.

Compensated absences

For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements unless they have matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, and sanitation fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 17.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 19.

Note 3. Stewardship, Compliance, and Accountability

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the government. The use of budgets and monitoring of equity status facilitate the government's compliance with legal requirements.

Budgets and budgetary accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental. All annual appropriations lapse at year end. The council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the government is legally enacted through passage of a resolution. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total government expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. State law requires that, prior to April 1, the Economic Estimates Commission provides the government with a final expenditure limit for the coming fiscal year.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 3. Stewardship, Compliance, and Accountability, Continued

5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the government adopts a budget by department for the General Fund and in total by fund for other funds. The City Manager, subject to council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without council approval.
6. The government has adopted budgets in accordance with A.R.S. requirements and utilizes the budgets as a management control device during the year for the General, Special Revenue, Debt Service and Capital Projects Funds. The budgets are prepared on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The government is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the government to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The government complied with this law during the year.

Five supplementary budgetary appropriations were necessary during the year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the government.

Expenditures over appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports found in the required supplementary and supplementary information present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2014, if any.

Highway user revenue funds

Highway user revenue fund monies received by the government pursuant to title 28, chapter 18, article 2 and other dedicated state transportation revenues received during the current fiscal year have been used solely for authorized transportation purposes.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 4. Deposits and Investments

Deposits and investments of the City at June 30, 2014 consist of the following:

Deposits:	
Cash on Hand	\$ 2,050
Cash in Bank	(217,921)
Cash on Deposit with Paying Agent	4,238,009
Investments	
Investment Sweep Account	11,092,300
Local Government Investment Pool	25,658,576
	<u>\$ 40,773,014</u>

A reconciliation of cash and investments as shown on the statement of net position is as follows:

Cash and cash equivalents	\$ 32,237,496
Restricted cash and cash equivalents	4,297,509
Cash on Deposit with Paying Agent	4,238,009
	<u>\$ 40,773,014</u>

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 4. Deposits and Investments, Continued

Deposits

Custodial credit risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The government does not have a formal policy for custodial credit risk. As of June 30, 2014, \$0 of the government's bank balance of \$11,187,414 was exposed to custodial credit risk because it was either fully insured by FDIC insurance or collateralized by securities held by Wells Fargo Bank.

Investments

Investment Fund

The Arizona State Treasurer's Office operates the Local Government Investment Pool (LGIP). The LGIP is available for investment of funds administered by any Arizona Public Treasurer.

The LGIP is not registered with the SEC as an investment company. Deposits in the LGIP are not insured or otherwise guaranteed by the State of Arizona, and participants share proportionally in any realized gain or losses on investments.

The provisions of State law (A.R.S. 35-323) govern the investment of funds in excess of \$100,000. A.R.S. 35-323 allows for investment in certificates of deposit, interest bearing savings accounts, repurchase agreements with a maximum maturity of 180 days, pooled investment funds established by the State Treasurer, obligations guaranteed by the United States, bonds of the State of Arizona or other local municipalities, commercial paper of prime quality that is rated "P1" by Moody's investors or "A1" by Standard and Poor's rating service, and bonds, debentures or notes that are issued by corporations organized and doing business in the United States subject to certain restrictions. For investments of less than \$100,000, procedures as specified by local ordinance or resolution must be followed.

As of June 30, 2014, the government had the following investments, ratings, and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity (years)</u>
Cash on deposit	\$ 4,238,009	N/A	N/A
Cash on hand	2,050	N/A	N/A
Sweep Account (US Gov Securities)	11,092,300	AAA	Less than 1 year
Government Investment Pool 5	25,658,576	AAAF/S1+	59 days
Total Fair Value	<u>\$40,990,935</u>		

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 4. Deposits and Investments, Continued

- (1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.
- (2) Interest Rate Risk is estimated using the weighted average days to maturity.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The government's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (A.R.S. 35- 323). A.R.S. 35-323 requires that the government's investment portfolio maturities do not exceed five years from the time of purchase.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The government's policy for reducing its exposure to credit risk is to comply with State law (A.R.S. 35-323). A.R.S. 35-323 limits investment in commercial paper and corporate bonds to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 5. Restricted Assets

Restricted assets consisted of the following at June 30, 2014:

Governmental Activities:

Capital Project Funds:

Reserved for capital outlay	\$ 3,718,026
Total Governmental Activities	<u>\$ 3,718,026</u>

Business-Type Activities:

Water Fund:

Customer deposits	\$ 85,148
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Wastewater and Sewer Fund:

WIFA Loan Reserve	494,335
Total Business-Type Activities	<u>\$ 579,483</u>

Note 6. Receivables

Intergovernmental receivables consist principally of amounts due from the State of Arizona for various taxes, shared revenues, and highway user revenues. Receivables in the proprietary fund are service billings receivable and are shown net of an allowance for doubtful accounts.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 7. Capital Assets

The following table summarizes the changes to capital assets for governmental activities during the year:

Governmental Activities:	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
Capital assets, not being depreciated:				
Land	\$ 1,842,981	\$ 493,998	\$ -	\$ 2,336,979
Construction in progress	1,078,852	6,311,229	(1,612,500)	5,777,581
Total capital assets, not being depreciated	<u>2,921,833</u>	<u>6,805,227</u>	<u>(1,612,500)</u>	<u>8,114,560</u>
Capital assets, being depreciated:				
Buildings	17,299,195	1,338,432	-	18,637,627
Furniture, Equipment, and Vehicles	9,597,553	775,609	(41,675)	10,331,487
Infrastructure	41,306,963	301,280	-	41,608,243
Total capital assets, being depreciated	<u>68,203,711</u>	<u>2,415,321</u>	<u>(41,675)</u>	<u>70,577,357</u>
Less accumulated depreciation for:				
Buildings	(2,771,050)	(437,361)	-	(3,208,411)
Furniture, Equipment, and Vehicles	(5,104,294)	(928,472)	41,675	(5,991,091)
Infrastructure	(22,143,847)	(1,348,239)	-	(23,492,086)
Total accumulated depreciation	<u>(30,019,191)</u>	<u>(2,714,072)</u>	<u>41,675</u>	<u>(32,691,588)</u>
Total capital assets, being depreciated, net	<u>38,184,520</u>	<u>(298,751)</u>	<u>-</u>	<u>37,885,769</u>
Governmental activities capital assets, net	<u>\$ 41,106,353</u>	<u>\$ 6,506,476</u>	<u>\$ (1,612,500)</u>	<u>\$ 46,000,329</u>

Depreciation expense was charged to the functions/programs of the City as follows:

Governmental Activities:	
General government	\$ 198,364
Public safety	1,080,883
Highways and Streets	1,272,102
Culture & recreation	152,600
Health and Welfare	10,123
Total depreciation expense - governmental activities	<u>\$ 2,714,072</u>

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 7. Capital Assets, Continued

The following table summarizes the changes to capital assets for business-type activities during the year.

Business Type Activities:	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
Capital assets not being depreciated:				
Land	\$ 3,933,202	\$ -	\$ -	\$ 3,933,202
Construction in progress	1,802,180	1,961,058	(2,193,704)	1,569,534
Total capital assets, not being depreciated	<u>5,735,382</u>	<u>1,961,058</u>	<u>(2,193,704)</u>	<u>5,502,736</u>
Capital assets being depreciated:				
Buildings	42,157,701	332,055	-	42,489,756
Improvements other than buildings	17,171,333	-	-	17,171,333
Machinery and equipment	29,896,842	2,629,650	(15,238)	32,511,254
Vehicles	1,535,409	120,181	(82,799)	1,572,791
Total capital assets, being depreciated	<u>90,761,285</u>	<u>3,081,886</u>	<u>(98,037)</u>	<u>93,745,134</u>
Less accumulated depreciation for:				
Buildings	(10,468,618)	(849,883)	-	(11,318,501)
Improvements other than buildings	(5,565,996)	(346,513)	-	(5,912,509)
Machinery and equipment	(17,834,802)	(767,562)	15,238	(18,587,126)
Vehicles	(1,174,560)	(60,425)	82,799	(1,152,186)
Total accumulated depreciation	<u>(35,043,976)</u>	<u>(2,024,383)</u>	<u>98,037</u>	<u>(36,970,322)</u>
Total capital assets, being depreciated, net	<u>55,717,309</u>	<u>1,057,503</u>	<u>-</u>	<u>56,774,812</u>
Business-type activities capital assets, net	<u>\$ 61,452,691</u>	<u>\$ 3,018,561</u>	<u>\$ (2,193,704)</u>	<u>\$ 62,277,548</u>

Depreciation expense was charged to the functions/programs of the City as follows:

Business-Type Activities:	
Wastewater & Sewer	1,578,710
Water	427,318
Sanitation & Trash	18,355
Total depreciation expense - business-type activities	<u>\$ 2,024,383</u>

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 8. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended June 30, 2014:

	Balance 6/30/2013	Additions	Retirements	Balance 6/30/2014	Due Within One Year
Governmental Activities:					
Bonds payable	\$ 20,085,000	\$ -	\$ (945,000)	\$ 19,140,000	\$ 835,000
Plus (Less) deferred amounts:					
Bond premiums	300,375	-	(26,655)	273,720	-
Total bonds payable	<u>20,385,375</u>	<u>-</u>	<u>(971,655)</u>	<u>19,413,720</u>	<u>835,000</u>
Accrued compensated absences	<u>1,394,833</u>	<u>582,442</u>	<u>(465,854)</u>	<u>1,511,421</u>	<u>377,855</u>
Total Governmental Activities	<u>\$ 21,780,208</u>	<u>\$ 582,442</u>	<u>\$ (1,437,509)</u>	<u>\$ 20,925,141</u>	<u>\$ 1,212,855</u>
Business-Type Activities:					
Bonds payable	\$ 19,430,000	\$ -	\$ (2,500,000)	\$ 16,930,000	\$ 2,710,000
Plus(Less) deferred amounts:					
Bond premiums	777,320	-	(176,661)	600,659	-
Deferred amount on refunding	(451,917)	-	112,980	(338,937)	-
Total bonds payable	<u>19,755,403</u>	<u>-</u>	<u>(2,563,681)</u>	<u>17,191,722</u>	<u>2,710,000</u>
Loans payable	8,144,378	-	-	8,144,378	394,452
Accrued compensated absences	<u>497,307</u>	<u>130,083</u>	<u>(100,990)</u>	<u>526,400</u>	<u>131,600</u>
Total Business-Type Activities	<u>\$ 28,397,088</u>	<u>\$ 130,083</u>	<u>\$ (2,664,671)</u>	<u>\$ 25,862,500</u>	<u>\$ 3,236,052</u>
Total Long-Term Liabilities	<u>\$ 50,177,296</u>	<u>\$ 712,525</u>	<u>\$ (4,102,180)</u>	<u>\$ 46,787,641</u>	<u>\$ 4,448,907</u>

Long term debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 835,000	\$ 842,816	\$ 3,104,452	\$ 901,843
2016	785,000	819,803	3,297,485	771,549
2017	2,035,000	796,041	2,265,948	635,522
2018	1,406,500	753,346	3,083,356	509,834
2019	958,000	677,578	3,426,225	411,271
2020-2024	8,715,500	2,236,830	6,338,310	1,124,227
2025-2029	4,405,000	664,143	2,916,280	401,432
2030-2034	-	-	642,322	21,222
Totals	<u>\$ 19,140,000</u>	<u>\$ 6,790,557</u>	<u>\$ 25,074,378</u>	<u>\$ 4,776,900</u>

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 8. Long-Term Debt, Continued

The following is a listing of long-term debt outstanding as of June 30, 2014:

Loans Payable at June 30, 2014 are comprised of the following issues:

	<u>Business Type</u>	<u>Governmental</u>	<u>Total</u>
Loans Payable			
Water Infrastructure Finance Authority of Arizona loan, due in semi-annual variable principal and interest installments, bearing interest at 3.304%, maturing July 1, 2029.	\$ 4,750,887	\$ -	\$ 4,750,887
Water Infrastructure Finance Authority of Arizona loan, due in semi-annual variable principal and interest installments, bearing interest at 3.304%, maturing July 1, 2029.	<u>3,393,491</u>	<u>-</u>	<u>3,393,491</u>
Total Loans Payable	<u>8,144,378</u>	<u>-</u>	<u>8,144,378</u>
Bonds Payable:			
General Obligation Bonds, Series 2006, due in annual principal and semi-annual interest installments ranging from \$11,000 to \$290,200, bearing interest at 4.0%, maturing on July 1, 2021.	\$ 7,485,000	\$ 2,790,000	\$ 10,275,000
Public Safety and Excise Tax Revenue Bonds, Series 2009, due in annual principal and semi-annual interest installments ranging from \$16,875 to \$193,505, bearing interest at 2.0% to 5.0%, maturing on July 1, 2029.	-	7,430,000	7,430,000
General Obligation Bonds, Series 2009A, due in annual principal and semi-annual interest installments ranging from \$7,053 to \$72,591, bearing interest at 3.0% to 5.0%, maturing on July 1, 2029.	-	3,040,000	3,040,000
General Obligation Refunding Bonds, Series 2011, due in annual principal and semi-annual interest installments ranging from \$36,900 to \$277,852, bearing interest at 2.0% to 4.0%, maturing on July, 1 2017.	7,445,000	-	7,445,000
General Obligation Bonds, Series 2011, due in annual principal payments beginning 7/1/2018 and semi-annual interest installments beginning 7/1/2012 ranging from \$30,800 to \$211,023, bearing interest at 3.0% to 4.0%, maturing on July 1, 2024.	<u>2,000,000</u>	<u>5,880,000</u>	<u>7,880,000</u>
Total Bonds Payable	<u>16,930,000</u>	<u>19,140,000</u>	<u>36,070,000</u>
Accrued Compensated Absences	<u>526,400</u>	<u>1,511,421</u>	<u>2,037,821</u>
Bond Premiums	<u>600,659</u>	<u>273,720</u>	<u>874,379</u>
Deferred Charges	<u>(338,937)</u>	<u>-</u>	<u>(338,937)</u>
Total Long-Term Debt	25,862,500	20,925,141	46,787,641
Less Current Portion:	<u>(1,212,855)</u>	<u>(3,236,052)</u>	<u>(4,448,907)</u>
Net Long-Term Debt	<u>\$ 24,649,645</u>	<u>\$ 17,689,089</u>	<u>\$ 42,338,734</u>

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 9. Interfund Receivables, Payables and Transfers

As of June 30, 2014, interfund receivables and payables that resulted from various interfund transactions were as follows:

Fund	Due From Sanitation Fund	Due to Water Fund
Water Fund	\$ 50,000	\$ -
Sanitation	-	50,000
Total	\$ 50,000	\$ 50,000

The interfund receivables and payables were recorded to eliminate short-term deficit pooled cash balances in the various funds.

Interfund transfers for the fiscal year ended June 30, 2014 are as follows:

	Transfers In		
	Nonmajor Funds	Capital Projects Fund	Total Transfers Out
Transfers Out:			
General Fund	\$ 1,276,385	\$ 2,190,000	\$ 3,466,385
Capital Projects Fund	174,167	-	174,167
Wastewater Fund	175,000	110,500	285,500
Total Transfers In	\$ 1,625,552	\$ 2,300,500	\$ 3,926,052

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 10. Retirement and Pension Plans

Arizona State Retirement System (ASRS)

Plan description - The government contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System (ASRS). The plan covers employees of the State of Arizona and participating political subdivisions and school districts. The ASRS (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the System, 3300 North Central Avenue, P.O. Box 33910, Phoenix AZ 85067-3910 or by calling (602) 240-2002 or (800) 621-3778. Also see www.azasrs.gov.

Funding policy - The Arizona State Legislature establishes and may amend active plan members' and the government's contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.30 percent for retirement, and 0.24 percent for long-term disability) of the members' annual covered payroll and the government was required to contribute 11.54 percent (10.70 percent for retirement, 0.60 percent for health benefit supplement, and 0.24 percent for long-term disability) of the members' annual covered payroll.

The government's contributions for the current and two previous fiscal years were equal to the required contributions and were as follows:

Year Ended June 30,	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2012	\$ 545,756	\$ 34,835	\$ 13,271
2013	616,897	39,120	14,444
2014	725,726	40,695	16,278

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 10. Retirement and Pension Plans, Continued

Public Safety Personnel Retirement System (PSPRS)

Plan description - The government contributes to the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof. The PSPRS, acting as a common investment administrative agent, is governed by a five-member board; known as the Fund Manager, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. The Public Safety Personnel Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. That report may be obtained by writing to Public Safety Personnel, 1020 E. Missouri Ave., Phoenix, AZ 85014 or by calling (602) 255-5575.

Funding policy – for the current fiscal year, active PSPRS member employees were required to contribute 7.65 percent of their annual salary to the PSPRS. The government is required to contribute the remaining amounts necessary to fund the PSPRS, as determine by the actuarial basis specified by specified by statute. The current rate is 21.18 percent and 16.77 percent of annual covered payroll for police and fire fighters respectively. The health insurance premium portion of the contribution rate was actuarially set at .93 percent and .82 percent of annual covered payroll for police and fire fighters respectively.

Actuarial methods and assumptions – The significant actuarial methods and assumptions used for the PSPRS plan and related benefits (unless noted), and the actuarial assumptions used to establish the contribution requirements are as follows:

The PSPRS contribution requirements for the year ended June 30, 2014 were established by the June 30, 2012 actuarial valuations using the projected unit credit method. The actuarial assumptions included (a) 8.00 percent investment rate of return and (b) projected salary increases ranging from 5.00 to 9.00 percent per year. The assumptions did not include cost-of-living adjustments. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a seven year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2014, was 22 years for underfunded actuarial accrued liability and 20 years for excess.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 10. Retirement and Pension Plans, Continued

Annual Pension/OPEB Cost - During the year ended June 30, 2014, the government's annual pension cost of \$408,124 (estimated) for police and \$355,220 (estimated) for fire and the annual OPEB cost of \$18,743 (estimated) for police and \$18,262 (estimated) for fire was equal to the government's required and actual contributions. These costs were estimated in the fiscal year 2012 report by the actuary.

Annual pension and OPEB cost information for the current and 2 preceding years were as follows:

Police				
Plan	Year Ended June 30,	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
Pension	2012	\$ 324,593 *	100%	\$ -
	2013	377,362 *	100%	-
	2014	408,124 *	100%	-
Health Insurance	2012	\$ 21,242 *	100%	\$ -
	2013	21,393 *	100%	-
	2014	18,743 *	100%	-

* These costs were estimated in the fiscal year 2012 report by the actuary.

Funding Status and Funding Progress

Actuarial accrued liability (AAL)	\$ 7,744,801
Actuarial value of plan assets	4,789,661
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,955,140</u>
Funded ratio (actuarial value of plan assets/AAL)	61.80%
Covered payroll (active plan members)	1,940,205
UAAL as a percentage of covered payroll	152.3%

Note: The funding status and funding progress information is for fiscal year 2013. The information for fiscal year 2014 is not yet available.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 10. Retirement and Pension Plans, Continued

Fire				
<u>Plan</u>	<u>Year Ended June 30,</u>	<u>Annual Pension/ OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Pension/ OPEB Obligation</u>
Pension	2012	\$ 282,679 *	100%	\$ -
	2013	305,436 *	100%	-
	2014	355,220 *	100%	-
Health Insurance	2012	\$ 19,141 *	100%	\$ -
	2013	18,577 *	100%	-
	2014	18,262 *	100%	-

* These costs were estimated in the fiscal year 2012 report by the actuary.

Funding Status and Funding Progress

Actuarial accrued liability (AAL)	\$ 9,171,957
Actuarial value of plan assets	7,583,994
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,587,963</u>
Funded ratio (actuarial value of plan assets/AAL)	82.70%
Covered payroll (active plan members)	2,149,081
UAAL as a percentage of covered payroll	73.9%

Note: The funding status and funding progress information is for fiscal year 2013. The information for fiscal year 2014 is not yet available.

The preceding methods comply with the financial reporting standards established by the Governmental Accounting Standards Board. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedules of funding progress are presented as required supplementary information following the notes to the financial statement. These schedules provide multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF TOLLESON, ARIZONA
Notes to the Financial Statements
June 30, 2014

Note 11. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The government's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the government is a participating member. The limit for basic coverage is for \$2,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$8,000,000 per occurrence on a follow form, claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its members additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The government is also insured by Arizona Municipal Workers Compensation Fund for potential worker related accidents.

Note 12. Contingent Liabilities and Commitments

The government is a defendant in various lawsuits incidental to its normal operations. Management, with concurrence of government's outside legal counsel, is of the opinion that settlement of these lawsuits will not have a material effect on the financial position of the City. Therefore, no specific provision has been reflected in the accompanying basic financial statements.

Note 13. Prior Period Adjustments

Subsequent to the fiscal year ended June 30, 2014, and before the issuance of these statements, the government discovered that expenditures in the Highway User Revenue Fund in a previous year were not properly recorded on the statement of revenues, expenditures, and changes in fund balance. Accordingly, the beginning fund balance has been restated to include these items that were excluded from the previous financial statements. The prior year's statement of revenues, expenditures, and changes in fund balance for the Highway User Revenue Fund understated expenditures in the amount of \$33,057. The overall effect or the change in fund balance was \$33,057.

In addition, the government discovered that expenditures, totaling \$101,045, in the Waste Water Fund were not properly capitalized as construction in progress assets on the statement of net position in the previous year. Also, in the Waste Water Fund, revenues of \$33,850 were not properly recorded on the statement of revenues, expenses and changes in net position in the previous year. Accordingly, the beginning net position has been restated to include these adjustments. The overall effect or the change in net position related to these prior period adjustments was \$134,895.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF TOLLESON, ARIZONA
Required Supplementary Information**

**Schedule of Funding Progress
PSPRS**

An analysis of the progress of the Public Plan (PSPRS) from June 30, 2008 through June 30, 2013, based on actuarial valuations follows:

Valuation Date	POLICE						Unfunded AAL As a Percentage of Covered Payroll [(b)-(a)] / (c)
	(a)	(b)	(b) - (a)	(a)/(b)	(c)		
June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll		
2008	\$ 3,472,838	\$ 5,277,694	\$ 1,804,856	65.8%	\$ 1,707,450	105.7%	
2009	3,776,676	5,884,143	2,107,467	64.2%	1,745,584	120.7%	
2010	3,909,688	6,092,226	2,182,538	64.2%	1,783,677	122.4%	
2011	4,345,575	6,863,105	2,517,530	63.3%	1,748,104	144.0%	
2012	4,696,400	7,403,308	2,706,908	63.4%	1,828,051	148.1%	
2013	4,789,661	7,744,801	2,955,140	61.8%	1,940,205	152.3%	

Post-retirement health insurance subsidy measurements under GASB Statement No. 45

Valuation Date	POLICE						Unfunded AAL As a Percentage of Covered Payroll [(b)-(a)] / (c)
	(a)	(b)	(b) - (a)	(a)/(b)	(c)		
June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll		
2008	\$ -	\$ 118,598	\$ 118,598	0.0%	\$ 1,707,450	6.95%	
2009	-	155,154	155,154	0.0%	1,745,584	8.89%	
2010	-	159,929	159,929	0.0%	1,783,677	8.97%	
2011	-	207,200	207,200	0.0%	1,748,104	11.85%	
2012	-	183,925	183,925	0.0%	1,828,051	10.06%	
2013	-	205,625	205,625	0.0%	1,940,205	10.60%	

Information for fiscal year 2014 is not yet available.

**CITY OF TOLLESON, ARIZONA
Required Supplementary Information**

**Schedule of Funding Progress
PSPRS, Continued**

An analysis of the progress of the Public Plan (PSPRS) from June 30, 2008 through June 30, 2013, based on actuarial valuations follows:

Valuation Date June 30,	(a)	(b)	FIRE (b) - (a)	(a)/(b)	(c)	Unfunded AAL As a Percentage of Covered Payroll [(b)-(a)] / (c)
	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	
2008	\$ 3,268,016	\$ 4,136,348	\$ 868,332	79.0%	\$ 2,052,603	42.3%
2009	3,904,301	4,755,181	850,880	82.1%	2,100,605	40.5%
2010	4,749,199	5,220,882	471,683	91.0%	2,097,226	22.5%
2011	5,845,969	6,791,286	945,317	86.1%	1,959,261	48.2%
2012	6,944,421	8,315,407	1,370,986	83.5%	2,020,030	67.9%
2013	7,583,994	9,171,957	1,587,963	82.7%	2,149,081	73.9%

Post-retirement health insurance subsidy measurements under GASB Statement No. 45

Valuation Date June 30,	(a)	(b)	(b) - (a)	(a)/(b)	(c)	Unfunded AAL As a Percentage of Covered Payroll [(b)-(a)] / (c)
	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	
2008	\$ -	\$ 107,595	\$ 107,595	0.0%	\$ 2,052,603	5.24%
2009	-	111,312	111,312	0.0%	2,100,605	5.30%
2010	-	129,744	129,744	0.0%	2,097,226	6.19%
2011	-	192,404	192,404	0.0%	1,959,261	9.82%
2012	-	200,724	200,724	0.0%	2,020,030	9.94%
2013	-	226,164	226,164	0.0%	2,149,081	10.52%

Information for fiscal year 2014 is not yet available.

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SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
FOR THE FOLLOWING MAJOR FUNDS:

Capital Project Funds

- The **Capital Project Fund** is used to account for the government's major capital improvement projects including the expenditure of impact fees.

CITY OF TOLLESON, ARIZONA
CAPITAL PROJECTS FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Impact fees	\$ 127,000	\$ 127,000	\$ 370,799	\$ 243,799
Other revenues:				
Interest	7,510	7,510	7,125	(385)
Total revenues	<u>134,510</u>	<u>134,510</u>	<u>377,924</u>	<u>243,414</u>
Expenditures:				
Current:				
General government	5,000	5,000	-	5,000
Public safety	40,000	40,000	-	40,000
Highways and streets	8,240,000	8,320,000	5,092,894	3,227,106
Capital outlay	980,000	700,000	398,900	301,100
Total expenditures	<u>9,265,000</u>	<u>9,065,000</u>	<u>5,491,794</u>	<u>3,573,206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,130,490)</u>	<u>(8,930,490)</u>	<u>(5,113,870)</u>	<u>3,816,620</u>
Other financing sources (uses):				
Transfers out	(150,000)	(150,000)	(174,167)	(24,167)
Transfers in	2,300,500	2,300,500	2,300,500	-
Total other financing sources (uses)	<u>2,150,500</u>	<u>2,150,500</u>	<u>2,126,333</u>	<u>(24,167)</u>
Net change in fund balance	(6,979,990)	(6,779,990)	(2,987,537)	3,792,453
Fund balance, beginning of year	<u>6,705,563</u>	<u>6,705,563</u>	<u>6,705,563</u>	<u>-</u>
Fund balance, end of year	<u>\$ (274,427)</u>	<u>\$ (74,427)</u>	<u>\$ 3,718,026</u>	<u>\$ 3,792,453</u>

SUPPLEMENTARY INFORMATION
COMBINING STATEMENTS
AND BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS

Debt Service Funds

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds not accounted for elsewhere.

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

- The **Highway User Revenue Special Revenue Fund** is used to account for the government's share of motor fuel tax revenues and lottery proceeds.
- The **Grants Fund** accounts for the activity of the government's grants.
- The **Public Safety Tax Fund** accounts for the government's sales tax revenues set aside for public safety purposes and related expenditures.

CITY OF TOLLESON, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue				Total Non-major Funds
	Debt Service Fund	Highway User Revenue	Grants	Public Safety Tax	
ASSETS					
Cash and investments	\$ 1,119,745	\$ 1,037,749	\$ 498,400	\$ 3,184,189	\$ 5,840,083
Cash with paying agent	1,364,514	-	-	-	1,364,514
Receivables:					
Accounts receivable	-	2,547	-	-	2,547
Taxes receivable	37,568	-	-	-	37,568
Intergovernmental receivable	3,001	98,115	94,376	-	195,492
Total assets	\$ 2,524,828	\$ 1,138,411	\$ 592,776	\$ 3,184,189	\$ 7,440,204
LIABILITIES					
Accounts payable	\$ -	\$ 229,667	\$ 6,796	\$ 63,818	\$ 300,281
Accrued wages and benefits	-	15,006	15,981	1,563	32,550
Interest payable	419,514	-	-	-	419,514
Matured debt principal payment	945,000	-	-	-	945,000
Unearned revenue	-	-	187,656	-	187,656
Total liabilities	1,364,514	244,673	210,433	65,381	1,885,001
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-power reimbursement	-	22,353	-	-	22,353
Unavailable revenue-property taxes	26,845	-	-	-	26,845
Total deferred inflows of resources	26,845	22,353	-	-	49,198
FUND BALANCES					
Restricted					
Highways and streets	-	871,385	-	-	871,385
Debt service	1,133,469	-	-	-	1,133,469
Assigned					
Public safety	-	-	-	3,118,808	3,118,808
Other purposes	-	-	382,343	-	382,343
Total fund balances	1,133,469	871,385	382,343	3,118,808	5,506,005
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,524,828	\$ 1,138,411	\$ 592,776	\$ 3,184,189	\$ 7,440,204

CITY OF TOLLESON, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue				Total Non-major Funds
	Debt Service Fund	Highway User Revenue	Grants	Public Safety Tax	
Revenues:					
Taxes:					
Sales taxes	\$ 973,200	\$ -	\$ -	\$ 1,679,671	\$ 2,652,871
Property taxes	825,973	-	-	-	825,973
Intergovernmental revenue	-	729,317	443,055	-	1,172,372
Charges for services	-	-	-	42,788	42,788
Other revenues:					
Interest	1,874	184	-	3,242	5,300
Total revenues	<u>1,801,047</u>	<u>729,501</u>	<u>443,055</u>	<u>1,725,701</u>	<u>4,699,304</u>
Expenditures:					
Current:					
General government	2,450	-	-	-	2,450
Public safety	-	-	150,251	1,024,752	1,175,003
Highways and streets	-	1,773,407	-	-	1,773,407
Health and welfare	-	-	366,784	-	366,784
Debt service:					
Principal	945,000	-	-	-	945,000
Interest and fiscal charges	839,087	-	-	-	839,087
Capital outlay	-	-	88,079	942,272	1,030,351
Total expenditures	<u>1,786,537</u>	<u>1,773,407</u>	<u>605,114</u>	<u>1,967,024</u>	<u>6,132,082</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,510</u>	<u>(1,043,906)</u>	<u>(162,059)</u>	<u>(241,323)</u>	<u>(1,432,778)</u>
Other financing sources (uses):					
Transfers in	174,167	1,065,000	211,385	-	1,450,552
Total other financing sources (uses)	<u>174,167</u>	<u>1,065,000</u>	<u>211,385</u>	<u>-</u>	<u>1,450,552</u>
Net change in fund balance	188,677	21,094	49,326	(241,323)	17,774
Fund balance, beginning of year	944,792	883,348	333,017	3,360,131	5,521,288
Prior period adjustment	-	(33,057)	-	-	(33,057)
Fund balance, end of year	<u><u>\$ 1,133,469</u></u>	<u><u>\$ 871,385</u></u>	<u><u>\$ 382,343</u></u>	<u><u>\$ 3,118,808</u></u>	<u><u>\$ 5,506,005</u></u>

CITY OF TOLLESON, ARIZONA
DEBT SERVICE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Sales taxes	\$ 973,000	\$ 973,000	\$ 973,200	\$ 200
Property taxes	2,821,250	2,821,250	825,973	(1,995,277)
Other revenues:				
Interest	740	740	1,874	1,134
Total revenues	<u>3,794,990</u>	<u>3,794,990</u>	<u>1,801,047</u>	<u>(1,993,943)</u>
Expenditures:				
Current:				
General government	2,900	2,900	2,450	450
Debt service:				
Principal	3,445,000	3,445,000	945,000	2,500,000
Interest and fiscal charges	1,511,900	1,511,900	839,087	672,813
Total expenditures	<u>4,959,800</u>	<u>4,959,800</u>	<u>1,786,537</u>	<u>3,173,263</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,164,810)</u>	<u>(1,164,810)</u>	<u>14,510</u>	<u>1,179,320</u>
Other financing sources (uses):				
Transfers in	1,350,000	1,350,000	174,167	(1,175,833)
Total other financing sources (uses)	<u>1,350,000</u>	<u>1,350,000</u>	<u>174,167</u>	<u>(1,175,833)</u>
Net change in fund balance	185,190	185,190	188,677	3,487
Fund balance, beginning of year	<u>944,792</u>	<u>944,792</u>	<u>944,792</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,129,982</u>	<u>\$ 1,129,982</u>	<u>\$ 1,133,469</u>	<u>\$ 3,487</u>

**CITY OF TOLLESON, ARIZONA
HIGHWAY USER
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental revenue	\$ 702,365	\$ 702,365	\$ 729,317	\$ 26,952
Other revenues:				
Interest	40	40	184	144
Total revenues	<u>702,405</u>	<u>702,405</u>	<u>729,501</u>	<u>27,096</u>
Expenditures:				
Current:				
Highways and streets	1,935,873	1,935,873	1,773,407	162,466
Total expenditures	<u>1,935,873</u>	<u>1,935,873</u>	<u>1,773,407</u>	<u>162,466</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,233,468)</u>	<u>(1,233,468)</u>	<u>(1,043,906)</u>	<u>189,562</u>
Other financing sources (uses):				
Transfers in	1,065,000	1,065,000	1,065,000	-
Total other financing sources (uses)	<u>1,065,000</u>	<u>1,065,000</u>	<u>1,065,000</u>	<u>-</u>
Net change in fund balance	(168,468)	(168,468)	21,094	189,562
Fund balance, beginning of year	883,348	883,348	883,348	-
Prior period adjustment	<u>(33,057)</u>	<u>(33,057)</u>	<u>(33,057)</u>	<u>-</u>
Fund balance, end of year	<u>\$ 681,823</u>	<u>\$ 681,823</u>	<u>\$ 871,385</u>	<u>\$ 189,562</u>

CITY OF TOLLESON, ARIZONA
GRANTS FUND
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 850,686	\$ 850,686	\$ 443,055	\$ (407,631)
Total revenues	<u>850,686</u>	<u>850,686</u>	<u>443,055</u>	<u>(407,631)</u>
Expenditures:				
Current:				
Public safety	193,156	194,156	150,251	43,905
Redevelopment and housing	2,500	2,500	-	2,500
Health and welfare	371,562	371,562	366,784	4,778
Capital outlay	426,000	275,000	88,079	186,921
Total expenditures	<u>1,068,218</u>	<u>843,218</u>	<u>605,114</u>	<u>238,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(217,532)</u>	<u>7,468</u>	<u>(162,059)</u>	<u>(169,527)</u>
Other financing sources (uses):				
Transfers in	217,531	217,531	211,385	(6,146)
Total other financing sources (uses)	<u>217,531</u>	<u>217,531</u>	<u>211,385</u>	<u>(6,146)</u>
Net change in fund balance	(1)	224,999	49,326	(175,673)
Fund balance, beginning of year	<u>333,017</u>	<u>333,017</u>	<u>333,017</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 333,016</u></u>	<u><u>\$ 558,016</u></u>	<u><u>\$ 382,343</u></u>	<u><u>\$ (175,673)</u></u>

CITY OF TOLLESON, ARIZONA
PUBLIC SAFETY TAX FUND
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Sales taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,679,671	\$ 79,671
Charges for services	-	-	42,788	42,788
Other revenues:				
Interest	6,400	6,400	3,242	3,158
Total revenues	<u>1,606,400</u>	<u>1,606,400</u>	<u>1,725,701</u>	<u>125,617</u>
Expenditures:				
Current:				
Public safety	1,049,589	1,049,589	1,024,752	24,837
Capital outlay	981,297	981,297	942,272	39,025
Total expenditures	<u>2,030,886</u>	<u>2,030,886</u>	<u>1,967,024</u>	<u>63,862</u>
Net change in fund balance	(424,486)	(424,486)	(241,323)	183,163
Fund balance, beginning of year	<u>3,360,131</u>	<u>3,360,131</u>	<u>3,360,131</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,935,645</u></u>	<u><u>\$ 2,935,645</u></u>	<u><u>\$ 3,118,808</u></u>	<u><u>\$ 183,163</u></u>

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STATISTICAL SECTION

This part of the City of Tolleson’s annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the government’s overall financial health.

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Financial Trends	64
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well being have changed over time.</i>	
Revenue Capacity	72
<i>These schedules contain information to help the reader assess the government’s property taxes and the most significant local revenues source, the sales tax.</i>	
Debt Capacity	81
<i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information.....	89
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating Information	91
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	
Bond Disclosures	94
<i>These schedules contain additional information required by the bondholders of the City.</i>	

CITY OF TOLLESON, ARIZONA
Net Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental Activities					
Net investment in capital assets	\$ (829,196)	\$ 4,950,796	\$ 2,221,053	\$ 5,310,577	\$ 8,169,456
Restricted	12,742,302	1,105,361	1,449,789	2,460,840	2,800,689
Unrestricted	2,938,087	7,399,287	15,485,607	12,297,505	8,389,538
Total Governmental Activities Net Position	<u><u>\$ 14,851,193</u></u>	<u><u>\$ 13,455,444</u></u>	<u><u>\$ 19,156,449</u></u>	<u><u>\$ 20,068,922</u></u>	<u><u>\$ 19,359,683</u></u>
Business-Type Activities					
Net investment in capital assets	\$ 32,173,302	\$ 37,415,161	\$ 37,815,848	\$ 39,948,944	\$ 40,255,237
Restricted	-	-	-	-	-
Unrestricted	4,486,610	4,436,905	4,081,881	2,981,113	10,841,755
Total Business-Type Activities Net Position	<u><u>\$ 36,659,912</u></u>	<u><u>\$ 41,852,066</u></u>	<u><u>\$ 41,897,729</u></u>	<u><u>\$ 42,930,057</u></u>	<u><u>\$ 51,096,992</u></u>
Primary Government					
Net investment in capital assets	\$ 31,344,106	\$ 42,365,957	\$ 40,036,901	\$ 45,259,521	\$ 48,424,693
Restricted	12,742,302	1,105,361	1,449,789	2,460,840	2,800,689
Unrestricted	7,424,697	11,836,192	19,567,488	15,278,618	19,231,293
Total Primary Government Net Position	<u><u>\$ 51,511,105</u></u>	<u><u>\$ 55,307,510</u></u>	<u><u>\$ 61,054,178</u></u>	<u><u>\$ 62,998,979</u></u>	<u><u>\$ 70,456,675</u></u>

Continued

Note: 2002-03 was the City's first year to prepare government-wide financial statements.

CITY OF TOLLESON, ARIZONA
Net Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental Activities					
Net investment in capital assets	\$ 2,984,211	\$ 24,742,497	\$ 25,900,750	\$ 26,194,336	\$ 27,534,901
Restricted	3,474,282	4,420,658	2,971,007	3,426,973	5,110,928
Unrestricted	8,017,638	7,232,480	9,964,703	11,029,738	9,625,353
Total Governmental Activities Net Position	<u>\$ 14,476,131</u>	<u>\$ 36,395,635</u>	<u>\$ 38,836,460</u>	<u>\$ 40,651,047</u>	<u>\$ 42,271,182</u>
Business-Type Activities					
Net investment in capital assets	\$ 49,164,298	\$ 32,661,672	\$ 31,376,028	\$ 32,356,074	\$ 34,835,900
Restricted	55,295	276,569	492,978	493,772	494,335
Unrestricted	16,670,481	15,531,493	17,720,898	19,174,850	20,708,802
Total Business-Type Activities Net Position	<u>\$ 65,890,074</u>	<u>\$ 48,469,734</u>	<u>\$ 49,589,904</u>	<u>\$ 52,024,696</u>	<u>\$ 56,039,037</u>
Primary Government					
Net investment in capital assets	\$ 52,148,509	\$ 57,404,169	\$ 57,276,778	\$ 58,550,410	\$ 62,370,801
Restricted	3,529,577	4,697,227	3,463,985	3,920,745	5,605,263
Unrestricted	24,688,119	22,763,973	27,685,601	30,204,588	30,334,155
Total Primary Government Net Position	<u>\$ 80,366,205</u>	<u>\$ 84,865,369</u>	<u>\$ 88,426,364</u>	<u>\$ 92,675,743</u>	<u>\$ 98,310,219</u>

Note: 2002-03 was the City's first year to prepare government-wide financial statements.

CITY OF TOLLESON, ARIZONA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General Government	\$ 3,004,134	\$ 2,872,180	\$ 3,550,585	\$ 3,822,213	\$ 3,650,530	\$ 3,931,291	\$ 3,854,836	\$ 3,554,245	\$ 4,160,877	\$ 4,069,698
Public Safety	5,096,894	5,889,231	6,626,522	7,703,746	8,104,259	8,145,407	9,227,572	9,590,713	9,921,501	9,342,079
Highways and Streets	945,312	1,637,889	1,938,450	2,381,538	2,368,382	3,008,843	3,587,171	2,867,554	2,497,012	4,278,584
Culture and Recreation	516,835	574,885	673,985	832,630	937,312	1,006,074	459,727	545,153	562,374	885,714
Redevelopment and Housing	323,500	939,826	303,415	133,088	84,312	45,851	-	-	-	-
Economic Development	234,162	204,727	453,934	996,855	1,158,833	473,105	1,040,502	1,171,266	1,175,131	1,464,624
Health and Welfare	405,961	345,586	417,437	424,425	463,758	516,178	868,049	547,528	343,153	378,772
Interest on Long-Term Debt	941,461	900,986	1,281,503	1,346,285	1,643,613	1,480,666	1,695,159	914,964	864,780	812,432
Total Governmental Activities	<u>11,468,259</u>	<u>13,365,310</u>	<u>15,245,831</u>	<u>17,640,780</u>	<u>18,410,999</u>	<u>18,607,415</u>	<u>20,733,016</u>	<u>19,191,423</u>	<u>19,524,828</u>	<u>21,231,903</u>
Business-Type Activities										
Water	3,784,431	4,323,817	4,599,323	5,380,335	4,598,229	4,357,407	4,314,393	6,095,971	5,021,689	5,446,163
Sanitation	683,147	641,379	777,284	856,835	871,399	705,856	642,779	491,293	614,402	630,134
Wastewater and Sewer	5,453,702	5,083,277	5,836,115	14,119,679	6,634,221	4,829,946	5,424,738	6,644,923	6,579,691	6,238,217
Total Business-Type Activities	<u>9,921,280</u>	<u>10,048,473</u>	<u>11,212,722</u>	<u>20,356,849</u>	<u>12,103,849</u>	<u>9,893,209</u>	<u>10,381,910</u>	<u>13,232,187</u>	<u>12,215,782</u>	<u>12,314,514</u>
Total Primary Government Expenses	<u>\$ 21,389,539</u>	<u>\$ 23,413,783</u>	<u>\$ 26,458,553</u>	<u>\$ 37,997,629</u>	<u>\$ 30,514,848</u>	<u>\$ 28,500,624</u>	<u>\$ 31,114,926</u>	<u>\$ 32,423,610</u>	<u>\$ 31,740,610</u>	<u>\$ 33,546,417</u>
Program Revenues										
Governmental Activities:										
Fines, Fees and Charges for Services:										
General Government	\$ 904,960	\$ 1,402,472	\$ 1,852,530	\$ 1,665,484	\$ 823,834	\$ 897,801	\$ 430,661	\$ 581,769	\$ 554,874	\$ 795,223
Public Safety	45,466	58,736	66,854	96,266	160,912	163,335	262,145	207,948	226,830	302,522
Highways and Streets	-	-	126,896	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	583	10,401	11,284	11,542	25,690	16,825	17,292
Redevelopment and Housing	-	5,000	23,673	1,115	-	-	-	-	-	10,978
Other	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	1,507,052	1,462,303	1,909,919	1,133,422	1,217,159	1,235,150	825,410	878,403	830,814	771,285
Capital Grants and Contributions	389,218	1,294,420	1,440,787	863,849	1,413,167	1,059,482	868,296	235,653	171,515	370,799
Total Governmental Activities Program Revenues	<u>2,846,696</u>	<u>4,222,931</u>	<u>5,420,659</u>	<u>3,760,719</u>	<u>3,625,473</u>	<u>3,367,052</u>	<u>2,398,054</u>	<u>1,929,463</u>	<u>1,800,858</u>	<u>2,268,099</u>
(Concluded)										
Business-Type Activities										
Charges for Services:										
Water	\$ 3,645,595	\$ 3,836,178	\$ 4,019,325	\$ 4,121,579	\$ 4,644,492	\$ 4,639,765	\$ 4,994,285	\$ 6,394,604	\$ 6,479,996	\$ 6,666,770
Sanitation	384,781	361,689	407,257	388,789	401,076	409,697	401,366	347,800	360,618	324,197
Wastewater and Sewer	5,721,059	5,343,513	6,354,925	7,212,855	5,405,133	4,881,137	5,000,253	5,500,611	5,535,850	6,713,988
Capital Grants and Contributions	1,289,993	1,468,629	-	-	-	7,966,449	1,901,328	-	-	-
Total Business-Type Activities Program Revenues	<u>11,041,428</u>	<u>11,010,009</u>	<u>10,781,507</u>	<u>11,723,223</u>	<u>10,450,701</u>	<u>17,897,048</u>	<u>12,297,232</u>	<u>12,243,015</u>	<u>12,376,464</u>	<u>13,704,955</u>
Total Primary Government Revenues	<u>\$ 13,888,124</u>	<u>\$ 15,232,940</u>	<u>\$ 16,202,166</u>	<u>\$ 15,483,942</u>	<u>\$ 14,076,174</u>	<u>\$ 21,264,100</u>	<u>\$ 14,695,286</u>	<u>\$ 14,172,478</u>	<u>\$ 14,177,322</u>	<u>\$ 15,973,054</u>

Continued

General Revenues and Other Changes in Net Assets

Governmental Activities:

Taxes:											
Sales Taxes	\$ 4,599,155	\$ 5,689,397	\$ 6,951,574	\$ 8,040,066	\$ 8,339,786	\$ 8,390,330	\$ 12,209,049	\$ 13,525,808	\$ 14,230,041	\$ 14,360,574	
Property Taxes	3,400,276	3,774,315	5,306,125	5,296,591	5,354,004	6,421,551	6,812,691	5,343,971	4,478,071	4,481,523	
Franchise Taxes	39,101	42,919	47,600	48,846	48,936	49,523	47,098	39,871	56,905	44,393	
State Revenue Sharing	457,248	520,775	737,755	914,464	970,001	838,960	632,468	567,191	668,558	729,523	
State Income Tax Revenue Sharing	460,793	537,425	617,617	597,135	516,997	476,855	497,423	511,429	535,720	569,695	
Auto Lieu Tax Revenue Sharing	213,302	242,315	269,862	273,035	222,573	218,427	212,480	220,391	208,723	233,354	
Grants and Contributions Not Restricted	-	-	-	600,000	-	-	-	-	-	-	
Interest	399,696	619,370	1,337,479	1,243,415	287,709	69,793	25,425	36,451	72,680	56,799	
Other	62,720	48,686	141,473	134,737	116,862	115,386	-	5,491	-	30,635	
Transfers	(4,173,581)	(3,728,572)	116,692	(2,355,755)	(1,780,581)	(6,224,014)	(235,637)	(152,748)	-	110,500	
Total Governmental Activities:	5,458,710	7,746,630	15,526,177	14,792,534	14,076,287	10,356,811	20,200,997	20,097,855	20,250,698	20,616,996	

Business-type Activities:

Property Taxes	-	-	-	-	-	518,221	332,735	1,401,895	2,420,551	2,553,157
Impact Fees	129,066	342,738	365,151	-	-	-	-	-	-	-
Interest	82,549	159,308	228,419	110,199	22,143	23,957	20,363	35,712	18,325	18,924
Litigation Settlement	-	-	-	-	8,000,000	-	-	-	-	-
Other	-	-	-	-	17,359	23,051	129,072	123,917	97,616	27,424
Transfers	4,173,581	3,728,572	(116,692)	2,355,755	1,780,581	6,224,014	235,637	152,748	-	(110,500)
Total Business-Type Activities	4,385,196	4,230,618	476,878	2,465,954	9,820,083	6,789,243	717,807	1,714,272	2,536,492	2,489,005
Total Primary Government	\$ 9,843,906	\$ 11,977,248	\$ 16,003,055	\$ 17,258,488	\$ 23,896,370	\$ 17,146,054	\$ 20,918,804	\$ 21,812,127	\$ 22,787,190	\$ 23,106,001

Change in Net Assets

Governmental Activities	\$ (3,162,853)	\$ (1,395,749)	\$ 5,701,005	\$ 912,473	\$ (709,239)	\$ (4,883,552)	\$ 1,866,035	\$ 2,835,895	\$ 2,526,728	\$ 1,653,192
Business-Type Activities	5,505,344	5,192,154	45,663	(6,167,672)	8,166,935	14,793,082	2,633,129	725,100	2,697,174	3,879,446
Total Primary Government	\$ 2,342,491	\$ 3,796,405	\$ 5,746,668	\$ (5,255,199)	\$ 7,457,696	\$ 9,909,530	\$ 4,499,164	\$ 3,560,995	\$ 5,223,902	\$ 5,532,638

Note: 2002-03 was the City's first year to prepare government-wide financial statements.

CITY OF TOLLESON, ARIZONA
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Restricted	\$ 54,507	\$ 63,572	\$ 74,242	\$ 81,028	\$ 86,390
Committed	-	-	-	-	-
Nonspendable	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	1,724,307	3,167,647	5,191,070	4,831,002	3,191,659
Total General Fund	<u>\$ 1,778,814</u>	<u>\$ 3,231,219</u>	<u>\$ 5,265,312</u>	<u>\$ 4,912,030</u>	<u>\$ 3,278,049</u>
All Other Governmental Funds					
Restricted:					
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	749,084	784,455	1,086,052	1,159,549	1,097,006
Capital projects					
Other purposes	5,661	8,638	10,970	11,717	11,362
Nonspendable:					
Prepaid items	-	-	-	-	-
Committed for:					
Capital projects	11,618,284	11,317,935	24,967,162	17,680,295	21,282,772
Assigned for:					
Public safety	358,099	312,268	352,767	1,289,574	5,047,024
Other purposes	-	-	-	-	-
Total All Other Governmental Funds:	<u>\$ 12,731,128</u>	<u>\$ 12,423,296</u>	<u>\$ 26,416,951</u>	<u>\$ 20,141,135</u>	<u>\$ 27,438,164</u>

Continued

Note: The City began to report fund balance classification per GASB Statement 54 in fiscal year 2011. Prior year balances reported as reserved are reported as restricted and other balances previously reported as unreserved are reported as unassigned, restricted, committed, nonspendable or assigned as applicable.

Fiscal Year

2010	2011	2012	2013	2014
\$ 95,161	\$ 232,134	\$ 273,271	\$ 376,237	\$ 336,340
-	-	-	-	-
-	270,698	-	141,648	5,000
-	126,368	1,126,841	1,126,841	-
2,898,744	5,063,457	6,343,285	7,405,570	7,556,991
<u>\$ 2,993,905</u>	<u>\$ 5,692,657</u>	<u>\$ 7,743,397</u>	<u>\$ 9,050,296</u>	<u>\$ 7,898,331</u>
\$ -	\$ 24,349	\$ 309,630	\$ 873,739	\$ 871,385
1,237,552	1,131,283	1,023,296	944,792	1,133,469
12,794	3,032,892	7,244,810	6,705,563	3,718,026
-	16,590	-	13,117	-
12,748,910	170,124	13,501	-	-
4,740,852	1,956,348	2,901,442	3,359,496	3,118,808
-	83,887	91,301	330,144	382,343
<u>\$ 18,740,108</u>	<u>\$ 6,415,473</u>	<u>\$ 11,583,980</u>	<u>\$ 12,226,851</u>	<u>\$ 9,224,031</u>

CITY OF TOLLESON, ARIZONA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Taxes	\$ 8,038,532	\$ 9,506,631	\$ 12,305,299	\$ 13,321,689	\$ 13,716,741
Intergovernmental	2,581,940	2,716,956	3,471,197	3,461,353	3,294,551
Fines and Penalties	196,407	280,702	288,234	315,097	304,939
Licenses and Permits	244,827	435,731	667,321	417,515	300,274
Charges for Services	497,692	738,273	1,102,896	1,019,346	378,435
Rents and Royalties	11,500	11,502	11,502	11,500	11,500
Contributions and Donations	56,455	45,862	63,956	56,703	48,020
Impact fees	389,218	1,294,420	1,440,787	863,849	997,327
Special assessment:	-	-	-	-	-
Interest	399,696	619,370	1,337,479	1,243,415	287,709
Other	62,720	48,686	141,473	134,737	112,098
Total revenues	<u>12,478,987</u>	<u>15,698,133</u>	<u>20,830,144</u>	<u>20,845,204</u>	<u>19,451,594</u>
Expenditures					
General government	2,818,419	2,910,221	3,154,669	3,470,208	3,382,113
Public Safety	5,207,800	5,822,932	6,409,618	7,473,144	8,158,326
Highways and Streets	951,724	770,726	942,851	1,102,384	1,093,369
Culture and Recreation	528,536	566,595	905,282	814,152	827,972
Redevelopment and Housing	323,500	939,826	303,415	133,088	84,312
Economic Development	234,162	204,727	453,934	996,855	1,158,833
Health and Welfare	395,443	335,736	407,587	414,575	453,908
Capital Outlay	8,532,714	1,780,050	4,093,797	9,710,643	3,910,866
Debt Service					
Principal Retirement	1,072,918	1,226,311	1,955,000	1,975,000	2,150,000
Interest on Long-Term Deb	969,205	928,730	1,316,908	1,384,243	1,384,535
Issuance Costs	-	-	205,595	-	297,103
Total Expenditures	<u>21,034,421</u>	<u>15,485,854</u>	<u>20,148,656</u>	<u>27,474,292</u>	<u>22,901,337</u>
Excess of Revenue:					
Over (Under) Expenditure:	(8,555,434)	212,279	681,488	(6,629,088)	(3,449,743)
Other Financing Sources (Uses)					
Transfers In	876,124	1,245,746	1,155,201	558,005	777,072
Transfers Out	(976,621)	(645,746)	(466,746)	(558,005)	(777,072)
Proceeds of Refunding Debt Issuance	-	-	-	-	-
Proceeds of Long-Term Debt Issuance	-	-	14,658,105	-	9,108,027
Payment to Refunded Debt Escrow Agent	-	-	-	-	-
Proceeds from Capital Leases	-	-	-	-	-
Proceeds from Sale of Capital Asset	-	-	-	-	4,764
Total other Financing Sources (Uses)	<u>(100,497)</u>	<u>600,000</u>	<u>15,346,560</u>	<u>-</u>	<u>9,112,791</u>
Net Change in Fund Balance	<u>\$ (8,655,931)</u>	<u>\$ 812,279</u>	<u>\$ 16,028,048</u>	<u>\$ (6,629,088)</u>	<u>\$ 5,663,048</u>
Debt Service as a Percentage of Noncapital Expenditures	16.3%	15.7%	21.7%	18.9%	18.7%

Fiscal Year

	2010	2011	2012	2013	2014
\$	14,865,486	\$ 18,664,286	\$ 18,618,296	\$ 18,440,757	\$ 18,514,067
	3,584,672	2,765,087	2,344,955	2,352,598	2,471,590
	292,923	260,534	209,436	228,788	256,498
	343,496	200,816	294,465	250,467	396,364
	425,500	333,963	375,380	372,889	521,705
	10,500	10,500	10,500	11,340	11,340
	71,441	61,478	83,707	119,578	105,353
	172,761	337,312	138,117	171,515	370,799
	-	-	-	-	-
	69,793	25,425	36,451	72,682	56,800
	114,501	144,552	98,533	65,467	35,920
	<u>19,951,073</u>	<u>22,803,953</u>	<u>22,209,840</u>	<u>22,086,081</u>	<u>22,740,436</u>
	3,759,888	3,561,710	3,440,722	3,815,498	4,415,415
	7,776,447	8,349,354	8,068,283	8,614,560	9,129,552
	1,731,442	2,254,695	1,574,097	1,938,342	6,866,301
	841,414	891,109	1,017,582	1,003,847	1,305,402
	45,851	-	-	-	-
	470,138	461,333	543,328	626,154	881,237
	500,477	861,195	535,879	326,804	366,784
	12,843,567	11,321,309	2,443,569	956,887	2,232,168
	2,765,000	2,925,000	2,366,550	1,730,000	945,000
	1,750,350	1,667,519	926,071	903,538	839,087
	100,768	-	86,642	-	-
	<u>32,585,342</u>	<u>32,293,224</u>	<u>21,002,723</u>	<u>19,915,630</u>	<u>26,980,946</u>
	(12,634,269)	(9,489,271)	1,207,117	2,170,451	(4,240,510)
	2,092,220	511,785	801,535	1,763,792	3,751,052
	(2,092,220)	(747,422)	(954,283)	(1,763,792)	(3,640,552)
	-	-	-	-	-
	3,642,923	-	6,159,387	-	-
	-	-	-	-	-
	-	-	-	-	-
	9,146	99,025	5,491	14,441	8,282
	<u>3,652,069</u>	<u>(136,612)</u>	<u>6,012,130</u>	<u>14,441</u>	<u>118,782</u>
\$	<u>(8,982,200)</u>	<u>\$ (9,625,883)</u>	<u>\$ 7,219,247</u>	<u>\$ 2,184,892</u>	<u>\$ (4,121,728)</u>
	14.2%	14.2%	16.1%	13.2%	6.6%

CITY OF TOLLESON, ARIZONA
General Government Tax Revenues By Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

Fiscal Year	Property	Sales & Use	Franchise	Total
2005	3,400,276	4,599,155	39,101	8,038,532
2006	3,774,315	5,689,397	42,919	9,506,631
2007	5,306,125	6,951,574	47,600	12,305,299
2008	5,232,777	8,040,066	48,846	13,321,689
2009	5,328,019	8,339,786	48,936	13,716,741
2010	6,425,633	8,390,330	49,523	14,865,486
2011	6,408,139	12,209,049	47,098	18,664,286
2012	6,419,183	13,525,808	39,871	19,984,862
2013	6,540,930	14,230,041	56,905	20,827,876
2014	6,662,258	14,420,574	44,393	21,127,225
Change 2005 - 2014	95.9%	213.5%	13.5%	162.8%

CITY OF TOLLESON, ARIZONA
Assess Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)
(In Thousands of Dollars)

Fiscal Year	Industrial & Commercial Property	Agricultural and Vaccant	Residential Property	Others	Total Taxable Assessed Value	Total Direct Tax Rate/Thousand	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2005	111,066	7,518	9,561	2,301	130,446	2.4061	130,446	100.000%
2006	118,966	8,248	12,230	1,150	140,594	2.4275	140,594	100.000%
2007	138,161	9,746	12,324	916	161,147	2.9666	161,146	100.001%
2008	151,547	10,141	18,017	2,940	182,645	2.6736	182,645	100.000%
2009	189,008	13,446	17,373	28,192	248,019	2.2993	248,019	100.000%
2010	231,012	15,949	17,373	3,170	264,546	2.5074	264,546	100.000%
2011	231,573	15,934	14,458	2,580	264,545	2.4390	264,545	100.000%
2012	192,440	11,383	11,455	2,064	217,342	2.9084	217,342	100.000%
2013	160,559	9,294	8,456	1,759	180,068	3.4163	180,068	100.000%
2014	143,031	8,901	8,076	2,246	162,254	3.7612	162,254	100.000%

CITY OF TOLLESON, ARIZONA
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)
(Rate per \$1,000 of Assessed Value)

Fiscal Year	Direct Rates			Overlapping Rates				Rate Total
	Basic Rate	General Obligation Debt Service	Total Direct Rate	School District	Flood Control and Water Conservation District	County		
2005	1.0185	1.3876	2.4061	18.9920	1.4281	1.6668	24.4930	
2006	1.0168	1.4204	2.4372	16.8140	1.8952	1.7940	22.9404	
2007	0.9658	2.0008	2.9666	16.7640	1.5145	1.2301	22.4752	
2008	0.9369	1.7367	2.6736	N/A	N/A	N/A	2.6736	
2009	0.9502	1.3491	2.2993	N/A	N/A	N/A	2.2993	
2010	0.9822	1.5901	2.5723	N/A	N/A	N/A	2.5723	
2011	0.9742	1.4648	2.4390	16.5884	1.5730	1.6660	22.2664	
2012	1.1232	1.7852	2.9084	N/A	N/A	N/A	2.9084	
2013	1.2643	2.1520	3.4163	N/A	N/A	N/A	3.4163	
2014	1.7811	1.9801	3.7612	N/A	N/A	N/A	3.7612	

Source: Maricopa County Finance Department

N/A - Not available at the time of printing

CITY OF TOLLESON, ARIZONA
Principal Property Taxpayers
Current and Nine Years Ago
(Unaudited)

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Smiths Food & Drugs	\$ 8,936,909	1	5.51%	\$ 10,652,150	2	7.67%
LBA Realty Fund	6,039,570	2	3.72%			
SVC Manufacturing	5,625,099	3	3.47%	12,374,316	1	8.91%
ABS SW Investor LLC	5,313,456	4	3.27%			
Greater Arizona Auto Auction	4,266,182	5	2.63%			
Cole HD Tolleson AZ LLC	4,088,117	6	2.52%			
The Price Compnay	2,837,356	7	1.75%			
AZEJM Land Holdings/Oxnard Commerceplex	2,446,195	8	1.51%			
UB II (New Wincup - AZ) LLC	2,393,258	9	1.48%			
91ST Ave. Investment Company	2,206,211	10	1.36%			
Graham Packaging Pet Technologies				7,249,467	3	5.22%
Albertson's Inc.				5,021,904	4	3.62%
Willamette Industries Inc				3,999,506	5	2.88%
American Italian Pasta Company				3,593,337	6	2.59%
Sysco Food Services				3,558,984	7	2.56%
Holsum Bakery, Inc.				3,369,289	8	2.43%
Costco				3,305,285	9	2.38%
Western Container Corporation				2,999,390	10	2.16%
Total	<u>\$ 44,152,353</u>		27.22%	<u>\$ 56,123,628</u>		40.42%

Source: Maricopa County Finance Department and Arizona Department of Revenue

CITY OF TOLLESON, ARIZONA
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Levy
		Amount	Percent of Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy		
2005	3,211,569	3,166,023	98.58%	21,103	3,187,126	99.24%	24,443	0.76%
2006	3,458,342	3,404,020	98.43%	54,322	3,458,342	100.00%	-	
2007	4,832,448	4,762,611	98.55%	69,837	4,832,448	100.00%	-	
2008	4,820,835	4,751,204	98.56%	14,933	4,796,137	99.49%	24,698	0.51%
2009	5,047,936	4,944,634	97.95%	102,364	5,046,998	99.98%	938	0.02%
2010	6,408,160	6,307,767	98.43%	-	6,307,767	98.43%		
2011	6,213,365	6,062,224	97.57%	-	6,062,224	97.57%		
2012	6,260,000	6,060,900	96.82%	-	6,060,900	96.82%		
2013	6,119,389	6,030,901	98.55%	-	6,030,901	98.55%		
2014	6,102,436	6,049,523	99.13%	-	6,049,523	99.13%		

Source: Maricopa County Finance Department

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CITY OF TOLLESON, ARIZONA
Taxable Sales By Category
Last Ten Fiscal Years
(Unaudited)

Sales Category	Calendar Year			
	2005	2006	2007	2008
Commercial & Utilities	\$ 728,211	\$ 861,639	\$ 912,479	\$ 978,793
Construction	991,926	861,048	1,665,023	1,283,547
Manufacturing	95,760	204,578	243,652	224,719
Wholesale	324,661	453,111	510,924	712,445
Retail	1,645,538	1,940,859	2,082,489	2,414,728
Real estate	467,451	761,679	845,664	1,121,113
Services	70,674	80,083	100,357	131,097
All other outlets	203,289	381,063	590,986	1,173,623
Total	\$ 4,527,510	\$ 5,544,060	\$ 6,951,574	\$ 8,040,065
City Sales Tax Rate	2.00%	2.00%	2.00%	2.00%

Continued

Source: Arizona State Revenue

Calendar Year						
2009	2010	2011	2012	2013	2014	
\$ 1,150,144	\$ 1,165,867	\$ 1,248,634	\$ 1,305,659	1,340,608	1,437,268	
1,004,232	946,494	1,012,531	870,319	696,757	829,515	
300,971	205,326	210,445	244,306	273,890	541,182	
1,058,059	1,250,650	1,546,804	1,717,069	1,739,508	2,461,798	
2,560,041	2,549,657	5,400,145	6,594,272	6,900,851	6,878,934	
1,546,407	1,319,640	1,487,355	1,776,811	1,843,998	1,645,860	
214,422	169,887	219,932	154,590	674,710	804,772	
564,692	566,379	1,083,202	784,198	755,953	895,550	
\$ 8,398,968	\$ 8,173,900	\$ 12,209,048	\$ 13,447,224	\$ 14,226,275	\$ 15,494,879	
2.00%	2.50%	2.50%	2.50%	2.50%	2.50%	

CITY OF TOLLESON, ARIZONA
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>County</u>
2005		8.30%
2006		8.30%
2007		8.30%
2008		8.30%
2009		8.80%
2010	2.50%	8.80%
2011	2.50%	8.80%
2012	2.50%	8.80%
2013	2.50%	8.80%
2014	2.50%	8.80%

Source: Arizona State Revenue

CITY OF TOLLESON, ARIZONA
Ratio of Outstanding Debt By Type
Last Ten Fiscal Years
(Unaudited)
(Dollars in Thousands, Except Per Capita)

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Capital Leases	General Obligation Bonds	Water Revenue Bonds	Capital Leases	Waste Water Revenue Loan			
2005	23,780	-		26					23,806	*	3,664
2006	22,580	-							22,580	*	3,475
2007	35,135	-							35,135	*	5,407
2008	33,160	-							33,160	*	4,848
2009	31,010	9,100							40,110	*	5,864
2010	32,155	8,780						6,000	46,935	*	6,862
2011	34,744	8,399						3,856	46,999	*	7,181
2012	13,694	8,120			20,991			8,895	51,700	*	7,893
2013	12,305	7,780			19,430			8,526	48,041	*	7,087
2014	11,710	7,430			16,930			8,144	44,214	*	6,544

* Information on personal income from these fiscal years was not available

CITY OF TOLLESON, ARIZONA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)
(Dollars in Thousands, Except Per Capita)

Fiscal Year	General Obligation Bonds	Net General Obligation Bonded Debt	Taxable Assessed Value of Property	Percentage of Actual Taxable Value of Property	Population	Per Capita
2005	23,780	23,780	130,446	18.23%	6,498	3,660
2006	22,580	22,580	140,594	16.06%	6,498	3,475
2007	35,135	35,135	161,147	21.80%	6,498	5,407
2008	33,160	33,160	182,645	18.16%	6,840	4,848
2009	31,010	31,010	248,019	12.50%	6,840	4,534
2010	32,155	32,155	264,546	12.15%	6,840	4,701
2011	34,744	34,744	264,545	13.13%	6,545	5,308
2012	34,685	34,685	217,342	15.96%	6,550	5,295
2013	36,486	36,486	180,068	20.26%	6,779	5,382
2014	33,391	33,391	162,254	20.58%	6,756	4,942

CITY OF TOLLESON, ARIZONA
Direct and Overlapping Governmental Activities Debt
June 30, 2014
(Unaudited)
(Dollars in Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Tolleson Elementary School	\$ 9,735	66.900%	\$ 6,513
Fowler Elementary School	9,510	6.910%	657
Littleton Elementary School	13,485	26.460%	3,568
Tolleson Union High School	54,215	19.840%	10,756
Maricopa County Community College	712,735	0.560%	<u>3,991</u>
Subtotal, overlapping debt			\$ 25,485
City of Tolleson, Arizona Direct Debt			33,391
Total direct and overlapping debt			<u><u>\$ 58,876</u></u>

Source: Debt outstanding comes from the Arizona Department of Revenue, [www.azdor.gov/Portals/0/Bonding FY13-Bonding-Report.pdf](http://www.azdor.gov/Portals/0/Bonding%20FY13-Bonding-Report.pdf)

Note: the information provided in this table is for FY13. The FY14 information was not available when the schedule was prepared.

CITY OF TOLLESON, ARIZONA
Calculation of Legal Debt Margin
June 30, 2014
(Unaudited)

Net Secondary Assessed Valuation		\$ 162,254,481
<hr/>		
Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds		
Debt Limit - 20% of Secondary Net Assessed Valuation		32,450,896
Debt Applicable to Limit		
General Obligation Bonds Outstanding	\$ 32,450,896	
Less Amount Set Aside for Repayment of Debt	-	
Net Debt Applicable to Limit	-	32,450,896
20% Legal Debt Margin		-
<hr/>		
All Other General Obligation Bonds		
Debt Limit - 6% of Secondary Net Assessed Valuation		9,735,269
Debt Applicable to Limit		
General Obligation Bonds Outstanding	\$ 709,894	
Less Amount Set Aside for Repayment of Debt	-	
Net Debt Applicable to Limit	-	709,894
All Other General Obligation Bonds Debt Margin		9,025,375
Total Legal Debt Margin		\$ 9,025,375

Source: Maricopa County Assessor's Office

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CITY OF TOLLESON, ARIZONA
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	2005	2006	2007	2008
Net Secondary Assessed Valuation	\$ 116,882,783	\$ 138,841,887	\$ 161,146,390	\$ 228,820,924
Debt Limit	30,389,524	36,098,891	41,898,061	59,493,440
Total net debt applicable to limit	24,820,000	23,780,000	35,135,000	33,160,000
Legal debt margin	\$ 5,569,524	\$ 12,318,891	\$ 6,763,061	\$ 26,333,440
				Continued
Total net debt applicable to the limit as a percentage of debt limit.	81.67%	65.87%	83.86%	55.74%

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 269,602,466	\$ 264,544,909	\$ 264,544,909	\$ 217,342,534	\$ 180,067,717	\$ 162,254,481	
70,096,641	68,781,677	68,781,677	56,509,059	46,817,606	42,186,165	
31,010,000	32,155,000	29,555,000	34,685,000	36,485,887	33,160,790	
\$ 39,086,641	\$ 36,626,677	\$ 39,226,677	\$ 21,824,059	\$ 10,331,719	\$ 9,025,375	
44.24%	46.75%	42.97%	61.38%	77.93%	78.61%	

CITY OF TOLLESON, ARIZONA
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Unaudited)
(Dollars In Thousands)

Fiscal Year	Revenue Bonds*						Special Assessment Bonds			
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage
2005	-	-	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-
2010	780	-	780	320	387	1.10	-	-	-	-
2011	720	-	720	381	325	1.02	-	-	-	-
2012	720	-	720	335	374	1.02	-	-	-	-
2013	720	-	720	340	367	1.02	-	-	-	-
2014	720	-	720	350	358	1.00	-	-	-	-

*Revenue Bonds: Water Bonds For Years 2001 and 2002, Public Safety Sale Tax Bonds For years 2010

CITY OF TOLLESON, ARIZONA
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Calendar Year	Population	Personal Income (<i>thousands of dollars</i>)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2005	6,498	N/A	N/A	N/A	N/A	N/A	4.00%
2006	6,498	N/A	N/A	N/A	N/A	N/A	3.70%
2007	6,498	N/A	N/A	N/A	N/A	N/A	3.70%
2008	6,840	N/A	N/A	N/A	N/A	N/A	4.60%
2009	6,840	N/A	N/A	N/A	N/A	N/A	9.80%
2010	6,840	N/A	N/A	N/A	N/A	N/A	9.80%
2011	6,545	N/A	N/A	N/A	N/A	N/A	8.40%
2012	6,550	37,972	12,285	N/A	N/A	N/A	8.25%
2013	6,779	37,972	12,285	N/A	N/A	N/A	6.70%
2014	6,756	37,972	12,285	N/A	N/A	N/A	6.40%

Sources: American Towns.com for population and Arizona Department of Administration for unemployment rate. Ave rate through C

N/A - Information was not available for these fiscal years

CITY OF TOLLESON, ARIZONA
Principal Employers
Current and Eight Years Ago
(Unaudited)

Taxpayer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
J.B. Packerland	1,100	1	10.27%	1,110	1	10.00%
Atlas Retail Services	500	2	4.67%	530	2	4.00%
SVC Manufacturing Inc/Pepsico	462	3	4.32%			
Rousseau Farming Co	400	4	3.74%	395	3	7.00%
Frys Food Stores	341	5	3.19%	280	9	4.25%
Ryder Inc Hillshire Brands	322	6	3.01%			
Salt River Project	314	7	2.93%	386	5	
Quiktrip Corp	296	8	2.76%	435	3	4.35%
Sysco Food Services of Az	273	9	2.55%	313	8	
Berry Plastics, Inc.	260	10	2.43%			
PepsiCo Beverages & Foods				388	4	2.70%
Atrium Door & Window Co.				386	6	2.50%
Albertson's, Inc.				367	7	2.00%
Tolleson Union High School				275	10	1.20%
Total	<u>4,268</u>		39.87%	<u>4,865</u>		38.00%

Source: Maricopa Association of Governments (MAG), <http://geo.azmag.gov/maps/employment/>

CITY OF TOLLESON, ARIZONA
Full-Time Equivalent Employee By Function
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	26	28	31	37	36	35	35	39	34	40.5
Police	34	34	37	42	42	43	45	45	43	46
Fire	27	28	31	31	31	31	31	31	31	31
Public Works	14	16	15	16	16	14	14	17	20	18.5
Community Services	10	11	12	12	12	12	12	6	8	8
Water	8	8	8	8	8	8	8	8	8	8
Sanitation	5	3	4	4	4	3	2	2	2	1.5
Wastewater/Sewer	34	34	33	35	22	23	21	20	20	21
Total	158	162	171	185	171	169	168	168	166	175

Source: City Records

CITY OF TOLLESON, ARIZONA
Operating Indicators By Function
Last Ten Fiscal Years
(Unaudited)

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Physical arrests	435	255*	488	408	370	398	453	235	293	257
Call for services	9,203	6313*	10,055	11,202	11,265	10,137	8,443	11,287	14,511	12,484
Traffic violations	7,100	3633*	6,588	5,150	4,716	4,507	6,302	4,180	1,944	3,582
Fire										
Emergency responses	2,754	2,243	2,047	2,457	2,310	1,789	1,929	1,943	2,122	2,212
Fires extinguished			296	477	180	172	157	156	138	134
Inspections	150	200	200	263	250	269	268	321	271	43
Planning and Building Safety										
Building permits issued	424	364	502	506	564	467	374	332	344	386
Building inspections conducted	1,330	1,307	3,213	2,567	2,363	1,900	1,792	1,525	912	1,425
Transit										
Total route miles	6	6	6	6	6	6	6	6	6	6
Sanitation										
Refuse collected (<i>tons/day</i>)	40.0	40.0	41.0	41.5	42.0	42.5	43.0	43.3	15.0	8.5
Library										
Volumes in collection	16,697	22,000	22,582	22,851	22,582	22,356	23,628	23,980	27,240	26,983
Total volumes borrowed	32,290	28,200	32,556	37,657	37,750	24,708	25,101	25,225	37,690	36,480
Water										
New connections	18	41	104	60	41	33	48	43	257	44
Water main breaks										
Average daily consumption (<i>thousands of gallons</i>)	3,623.0	4,090.0	4,100.0	3,914.0	3,386.2	3,316.0	3,596.0	3,281.0	3,876	3,877
Peak daily consumption (<i>thousands of gallons</i>)	6,568.0	6,125.0	6,110.0	6,115.0	6,100.0	5,800.0	5,570.0	4,962.0	5,174	5,384
Wastewater										
Average daily sewage treatment (<i>thousands of gallons</i>)	13,934.6	12,940.0	13,934.6	12,664.3	5,558.6	5,348.0	5,438.0	5,193.0	5,180	5,274

* Represents 6 months

Source: City Records

CITY OF TOLLESON, ARIZONA
Capital Asset Statistics By Function
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	19	20	21	22	22	22	22	22	23	24
Fire Stations	1	1	1	1	1	1	1	1	1	1
Refuse collection										
Collection trucks	2	2	2	2	2	2	2	2	2	6
Other public works										
Streets (<i>miles</i>)	32	33	33	33	33	33	33	34	34	34
Streetlights	596	662	744	750	770	770	770	778	778	778
Traffic signals										12
Parks and recreation										
Acreage	20	20	20	20	20	20	20	20	20	20
Playgrounds	3	3	3	4	4	4	4	3	3	3
Baseball/softball diamonds										1
Soccer/football fields										1
Community/Youth Centers	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (<i>miles</i>)	47	48	48	48	48	48	48	48	50	56
Fire hydrants	430	430	430	430	450	450	450	451	475	420
Storage capacity (<i>thousands of gallons</i>)										
Wastewater										
Sanitary sewers (<i>miles</i>)	45	46	46	46	46	46	46	46	37.07	34.63
Storm sewers (<i>miles</i>)										2
Treatment capacity (<i>thousands of gallons</i>)	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500

Source: City Records

CITY OF TOLLESON, ARIZONA
Property Valuations
For the Fiscal Year Ended June 30, 2014
(Unaudited)

2013-2014 Fiscal Year

Estimated actual valuation *	\$	1,048,898,288
Net secondary assessed valuation		162,254,481
Net primary assessed valuation		160,039,732

Source: Maricopa County Treasurer's Office and Maricopa County Department of Finance

CITY OF TOLLESON, ARIZONA
Secondary Valuations as a Percentage of Estimated Valuations
For the Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Net Secondary Assessed Valuation</u>	<u>Estimated Actual Valuation</u>	<u>Net Secondary Assessed Valuations as Percentage of the Estimated Actual Valuation</u>
2013-14	\$ 162,254,481	\$ 1,048,898,288	15.47%
2012-13	\$ 180,067,717	\$ 1,126,277,682	15.99%
2011-12	\$ 217,342,534	\$ 1,344,185,974	16.17%
2010-11	\$ 264,544,909	\$ 1,403,066,293	18.85%
2009-10	\$ 269,602,469	\$ 1,410,933,224	19.11%
2008-09	\$ 228,820,924	\$ 1,197,074,943	19.12%
2007-08	\$ 182,645,598	\$ 931,382,193	19.61%
2006-07	\$ 161,146,393	\$ 901,564,190	17.87%
2005-06	\$ 140,593,938	\$ 714,964,836	19.66%
2004-05	\$ 130,445,954	\$ 661,762,845	19.71%

Source: Maricopa County Assessor's Office and Arizona Research Foundation

CITY OF TOLLESON, ARIZONA
Secondary Valuations By Legal Class
As of June 30, 2014
(Unaudited)

Legal Class	Description	2012-2013 Secondary Assessed Valuation	2013 Percent of Total	2013-2014 Secondary Assessed Valuation	2014 Percent of Total
1	Utilities Telecommunication and Commercial and Industrial	\$ 160,558,510	89.17%	\$ 143,030,710	88.15%
2	Agricultural and Vacant	9,293,795	5.16%	8,901,276	5.49%
3	Residential (Owner occupied)	5,489,129	3.05%	4,716,656	2.91%
4	Residential (Rental)	2,967,137	1.65%	3,359,024	2.07%
5	Railroad	321,842	0.18%	396,460	0.24%
6	Non-commercials	1,437,304	0.80%	1,850,355	1.14%
Total		<u>\$ 180,067,717</u>	<u>100.00%</u>	<u>\$ 162,254,481</u>	<u>100.00%</u>

**Source: Maricopa County Treasurer's Office and Abstract of the Assessment Roll, State of Arizona
Department of Revenue.**

CITY OF TOLLESON, ARIZONA
Secondary Valuations By Major Taxpayer
As of June 30, 2013
(Unaudited)

Taxpayers	Business	Estimated Secondary 2013-14 Assessed Valuation	Estimated as a Percent of the City's 2013-14 Net Secondary Assessed Valuation
Smiths Food & Drugs	Grocery Retailer	8,936,909	5.51%
LBA Realty Fund III Company IX LLC	Commercial Property	6,039,570	3.72%
SVC Manufacturing	Food Manufacture	\$ 5,625,099	3.47%
ABS SW Investor Loc (Albertson)	Grocery Retailer	5,313,456	3.27%
Greater Arizona Auto Auctions Inc.	Auto auctions	4,266,182	2.63%
Cole HD Tolleson AZ LLC	Commercial Property	4,088,117	2.52%
The Price Company	Wholesale	2,837,356	1.75%
AZEJM Land Holdings/Oxnard Commerceplex	Commercial Property	2,446,195	1.51%
UB II (New Wincup - AZ) LLC	Manufacture	2,393,258	1.48%
91st Avenue Investment LLC	Commercial Property	2,206,211	1.36%
Total		\$ 44,152,353	27.22%

Source: Maricopa County Treasurer's Office

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FEDERAL AND STATE REPORTS

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**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

The Honorable Mayor and
City Council
Tolleson, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tolleson, Arizona, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Tolleson, Arizona's basic financial statements and have issued our report thereon dated October 10, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Tolleson, Arizona's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Tolleson, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Tolleson, Arizona's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Tolleson, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HintonBurdick, PLLC
Flagstaff, Arizona
October 10, 2014

**Independent Auditors' Report on
State Legal Compliance**

The Honorable Mayor and
City Council
Tolleson, Arizona

We have audited the basic financial statements of the City of Tolleson, Arizona for the year ended June 30, 2014, and have issued our report thereon dated October 10, 2014. Our audit also included test work on the City of Tolleson's compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 28, Chapter 18, Article 2.

The management of the City of Tolleson is responsible for the City's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit; accordingly, we make the following statements:

The City of Tolleson has established separate funds to account for Highway User Revenue funds and Local Transportation Assistance funds. Highway user revenue fund monies received by the City of Tolleson pursuant to Title 28, Chapter 18, Article 2 and other dedicated state transportation revenues received during the current fiscal year appear to have been used solely for authorized purposes. The funds are administered in accordance with Generally Accepted Accounting Principles. Sources of revenues available and fund balances are reflected in the individual fund financial statements.

Our opinion regarding the City's compliance with annual expenditure limitations has been issued separately with the City's Annual Expenditure Limitation Report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, The City of Tolleson complied, in all material respects, with the requirements identified above for the year ended June 30, 2014.



HintonBurdick, PLLC
October 10, 2014

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